

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

July 11, 2011

CHANGE NOTICE NO. 5
TO
CONTRACT NO. 071B6200123
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (630) 968-0244 Lorne Sawatzky	
Computer Projects of Illinois, Inc. 6416 South Cass Avenue Westmont, IL 60559 LSawatzky@openfox.com			
		BUYER (517) 241-3215 Steve Motz	
Contract Administrator: Barbara Suska Next Generation LEIN (NGL) - Michigan State Police			
CONTRACT PERIOD:		From: December 27, 2005	To: September 30, 2012
TERMS	N/A	SHIPMENT	N/A
F.O.B.	N/A	SHIPPED FROM	N/A
MINIMUM DELIVERY REQUIREMENTS N/A			

NATURE OF CHANGE (S):

Effective immediately, this contract is **INCREASED** by \$169,406.00 per the attached Statement of Work and Contractor Quotation MI – 002 – 2011 and Quotation MI – 003 – 2011.

All other terms, conditions and pricing remain the same.

AUTHORITY/REASON:

Per Contractor, State and Administrative Board approval on 6/30/2011.

INCREASE: \$169,406.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$ 1,367,136.00



**MICHIGAN DEPARTMENT OF TECHNOLOGY,
MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK**

Project Title Develop an interface between Law Enforcement Information Network (LEIN) and the Business Application Modernization (BAM) Network and to move LEIN to new hardware	Period of Coverage:
Requesting Department: Michigan State Police	Date: 4/28/2011
MSP Project Manager: Peggy Hines	Phone: 517.241.0702
DTMB Contract Administrator: Barbara Suska	Phone: 517.335.4067

Brief Description of Services to be provided:

BACKGROUND:

This project is to perform two separate tasks. The first task will allow MSP's Law Enforcement Information Network (LEIN) to interface with MDOS's new Business Application Modernization (BAM) system. This new interface will use modern web services instead of the current legacy, mainframe-style, interface. The second task is to move LEIN to new hardware. The current hardware that hosts the LEIN system is end-of-life and is in need of replacement.

PROJECT OBJECTIVE:

This statement of work is for Computer Projects of Illinois (CPI) to configure a web services interface to BAM, and to migrate the LEIN system to new hardware supplied by the State of Michigan.

SCOPE OF WORK:

Scope of work includes the coding, installation, configuration, testing and implementation of software from CPI that will allow LEIN to interface with BAM to query and update driver, vehicle, and other information on the MDOS system. CPI will also migrate both Test and Production LEIN systems to new server hardware purchased by the State of Michigan, and work with DTMB to test each system, and move the new systems into production.

TASKS:

- Coding and configuring the LEIN Web Service interface to connect to BAM, ensuring the proper function of all required messages, on both Test and Production systems.
- Planning, installing, configuring, and implementing the LEIN system (both Test and Production) on new server hardware.
- Perform at least one successful failover test from the Production LEIN server to the Test LEIN server, to ensure LEIN high availability functions properly.

DELIVERABLES:

Deliverables will not be considered complete until MSP and DTMB Project Managers have formally accepted them. Deliverables for this project include:

1. Installation, configuration, and testing of the web service interface to BAM.
2. Resolution and completion of all issues identified during implementation to production.
3. Installation, configuration, and testing of LEIN system software on new server hardware for both Test and Production systems.
4. Updated system documentation.

ACCEPTANCE CRITERIA:

Final acceptance will occur when the software has been installed, configured, tested and implemented and all issues identified during implementation are resolved to the satisfaction of the State.

PROJECT CONTROL AND REPORTS:

A bi-weekly progress report must be submitted to MSP and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each bi-weekly progress report must contain the following:

1. **Hours:** Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
2. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
3. **Funds:** Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:

Contract staff must pass a criminal background check prior to access to MSP facilities or network. Contractor must abide by all State of Michigan standards.

PAYMENT SCHEDULE:

Payment will be made upon the completion of all deliverables. DTMB will pay CPI upon receipt of properly completed invoices which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Accounts Payable will coordinate obtaining MSP and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date, and must be approved by the MSP and DTMB Project Managers prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

EXPENSES:

The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc.

PROJECT CONTACTS:

The designated MSP Project Manager is:

Peggy Hines
MSP - LEIN
333 S. Grand Ave.
Lansing MI 48833
517.241.0702
Email: Hinesp@michigan.gov

The designated DTMB Project Manager is:

Gordon Mayes
DTMB Agency Services – MSP/DMVA
MSP HQ
4th floor
333 S. Grand Ave.
Lansing MI 48833
517.241.2257
mayesgs@michigan.gov

AGENCY RESPONSIBILITIES:

DTMB and MSP will be responsible to review and approve the design, software changes, and message formats for the BAM interface. MSP and MDOS will be responsible to test the software modifications prior to implementation, and to schedule the implementation to production.

DTMB will be responsible to work with the CPI to move the LEIN system to new server hardware. MSP will be responsible for final approval to move the new servers into production.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work on this request remotely via VPN, and/or at MSP Headquarters at 333 South Grand Avenue, Lansing, MI, 48833

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.

Computer Projects of Illinois Quotation # MI – 002 - 2011
Michigan State Police

To:	Date: 4/21/2011	Prices good for: 90-Days	
	Remarks: Prices of engineering time and support to assist the MSP in the implementation of the OpenFox™ Message Switch onto new servers. New Servers to be provided by MSP.		
From: Marc J. Smith	Shipping: N/A	Est. Completion: N/A	
Product Description	Quantity	Unit price	Total
Engineering time and Support in the following efforts: Production System A/B copy the /CPI and /Archive files - Oracle and MQ clients are installed under these files and install the remaining needed files	1	\$32,500.00	\$32,500.00
Testing	1	\$3,250.00	\$3,250.00
Project Management	1	\$5,363.00	\$5,363.00
TOTAL			\$41,113.00

PLEASE NOTE QUOTE # ON ALL PO's AND PAYMENTS, THANK YOU

Engineering time includes three days on site work for operating system configurations, all other work to be done remotely. Remote access with full rights and authorities by CPI staff will be required. All third-party software licensing costs are the responsibility of MSP. All Hardware and Operating system software costs are the responsibility of MSP.

**Computer Projects of Illinois, Inc.
Quotation # MI – 003 - 2011**

**To
Michigan State Police
For
Web Services Interface to MDOS**

To: C. Bush Mi. State Police 714 South Harrison Road East Lansing, MI 48823	Date: 05/03/2011		Prices good for: 90 Days	
	Remarks: Prices of implementing a web-services interface on the OpenFox™ Message Switch to the new MDOS System.			
From: Marc J. Smith	Shipping: N/A		Est. Completion:	
	Product Description	Quantity	Unit price	Total
1. Discovery and Design	1	\$50,000.00	\$50,000.00	\$0.00
2. Services to document, develop, and install the Web Services Client Interface	1	\$35,000.00	\$35,000.00	\$0.00
3. Stylesheet work	1	\$12,500.00	\$12,500.00	\$1,250.00
4. TP and Switch modifications	1	\$10,000.00	\$10,000.00	\$1,000.00
5. Testing and fixes	1	\$8,625.00	\$8,625.00	\$0.00
6. Services for CPI Project Management	1	\$9,918.00	\$9,918.00	\$0.00
7. Maintenance and Support	1 st year	INC	INC	\$0.00
TOTAL			\$126,043.00	*\$2,250.00

*All CPI products and services come with one year of warranty and support. The second year Maintenance is the amount of increase to the existing annual maintenance paid by the Michigan State Police for ongoing maintenance and support of the software provided by Computer Projects of Illinois, Inc.

Assumptions:

1. The MDOS web service (host) will be synchronous in nature in that the CPI web service client will expect a single response for each transaction.
2. CPI will complete a discovery and design effort for the web service client and provide that document for MSP approval. MSP/MDOS must provide the following for CPI to begin and complete this effort:
 - o MDOS will provide CPI the WSDL for the published web service(s)
 - o MDOS will provide CPI the schemas for the web service
 - o MDOS will provide CPI examples for all queries and responses
 - o MSP or MDOS will provide the suggested end user display (presentation format) for the all responses from MDOS.
3. CPI will map the elements of the MDOS schema to the message switch fields
4. CPI will present responses to current consumers of the MDOS information in substantially the same manner as currently provided. However, changes may be required for the Talon interface or for the criminal history interface as an example. This does not include provision for such changes as they will be the responsibility of MSP, if necessary.

5. MSP will provide applicable waivers or approval for variance with regard to the SOM Security Requirements will be obtained or provided by, if necessary for those items not applicable yet deemed mandatory by this policy.
6. CPI is providing a fixed fee quote, not based on man-hour effort. The quotation is based upon information provided by MSP.

Please Note CPI Quote # on all PO's and Invoice Payments.

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

July 6, 2010

CHANGE NOTICE NO. 4
TO
CONTRACT NO. 071B6200123
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Computer Projects of Illinois, Inc. 6416 South Cass Avenue Westmont, IL 60559 LSawatzky@openfox.com	TELEPHONE (630) 968-0244 Lorne Sawatzky
	BUYER (517) 241-3215 Steve Motz
	Contract Administrator: Barbara Suska Next Generation LEIN (NGL) - Michigan State Police
CONTRACT PERIOD: From: December 27, 2005 To: September 30, 2012	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

NATURE OF CHANGE (S):

Effective immediately, this contract is **INCREASED** by \$159,745.00 for the following products and services:

- Implementation of a web-services interface on the OpenFox Message Switch for the query and transmission of corrections photos (\$55,545.00) – See Quotation
- Maintenance increase (\$4,200.00) – See Quotation
- Funding for the development and maintenance of an interface to the Protection Order Tracking Enforcement and Compliance System (PROTECS) through the LEIN message switch to streamline the submission and notification of Personal Protection Orders. A separate statement of work and vendor quote will be provided at a later date. (\$100,000.00)

All other terms, conditions and pricing remain the same.

AUTHORITY/REASON:

Per Contractor, State and Administrative Board approval on 6/30/2010.

INCREASE: \$159,745.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$ 1,367,136.00



Computer Projects of Illinois, Inc.

475 Quadrangle Suite A, Bolingbrook, IL, 60440

Phone (630) 754-8820

FAX (630) 754-8835

**Computer Projects of Illinois, Inc.
Quotation**

**To
Michigan State Police
For
Web Services Interface for corrections
photos**

To: C. Bush Mi. State Police 714 South Harrison Road East Lansing, MI 48823		Date: 05/11/2010	Prices good for: 90 Days	
		Remarks: Prices of implementing a web-services interface on the OpenFox™ Message Switch for the query and transmission of corrections photos.		
From: Marc J. Smith		Shipping: N/A	Est. Completion:	
Description	Cost	Quantity	Total	Annual Maint Increase
Web Service (participating state will build/publish a web service (using SOAP) and provide us the WSDL, schema, XML examples.)	\$20,000	1	\$20,000	\$2,000
Encoding Method: Base64 Image Type: JPG JPG object type support exists	N/C	1	N/C	
Message Types <ul style="list-style-type: none"> • Query by Name/DOB • Query by FBI • Query by SID • Query by OLN • Query by SSN • Query by Corrections Number Responses	N/C	1	N/C	
XML formats (for NLETS exchange) <ul style="list-style-type: none"> ○ Style Sheets from switch to SNAP ○ Coordination with NLETS 	\$12,000	1	\$12,000	\$1,200
System Changes <ul style="list-style-type: none"> • Appropriate changes in transaction edits, TP and OPSPCL to address new object types 	\$10,000	1	\$10,000	\$1,000



Computer Projects of Illinois, Inc.

475 Quadrangle Suite A, Bolingbrook, IL, 60440

Phone (630) 754-8820

FAX (630) 754-8835

Testing, support, training and documentation	\$6,300		\$6,300	
Project Management,	\$7,245	1	\$7,245	
One (1) year warranty, maintenance and support	Included	1	Included	
TOTAL			\$55,545.00	*\$4,200.00

*All CPI products and services come with one year of warranty and support. The second year Maintenance is the amount of increase to the existing annual maintenance paid by the Michigan State Police for ongoing maintenance and support of the software and interfaces provided by Computer Projects of Illinois, Inc.



Computer Projects of Illinois, Inc.

475 Quadrangle Suite A, Bolingbrook, IL, 60440

Phone (630) 754-8820

FAX (630) 754-8835

Testing, support, training and documentation	\$6,300		\$6,300	
Project Management,	\$7,245	1	\$7,245	
One (1) year warranty, maintenance and support	Included	1	Included	
TOTAL			\$55,545.00	*\$4,200.00

*All CPI products and services come with one year of warranty and support. The second year Maintenance is the amount of increase to the existing annual maintenance paid by the Michigan State Police for ongoing maintenance and support of the software and interfaces provided by Computer Projects of Illinois, Inc.

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

September 29, 2009

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B6200123
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (630) 968-0244	
Computer Projects of Illinois, Inc. 6416 South Cass Avenue Westmont, IL 60559 LSawatzky@openfox.com		Lorne Sawatzky	
		BUYER (517) 241-3215	
Contract Administrator: Barbara Suska			
Next Generation LEIN (NGL) - Michigan State Police			
CONTRACT PERIOD:		From: December 27, 2005	To: September 30, 2012
TERMS	N/A	SHIPMENT	N/A
F.O.B.	N/A	SHIPPED FROM	N/A
MINIMUM DELIVERY REQUIREMENTS			
N/A			

NATURE OF CHANGE (S):

Effective immediately, the pricing for maintenance covering the period from 10/01/2009 through 09/30/2012 is hereby replaced by the attached. The Contractor has voluntarily agreed to reduce pricing for the remaining maintenance periods by 18%, per Executive Directive 2009-3, resulting in a \$55,912.00 savings. All other terms, conditions and pricing remain the same.

AUTHORITY/REASON:

Per DIT, MSP and Vendor approval.

DECREASE: \$55,912.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$ 1,207,391.00

**Computer Projects of Illinois, Inc.
Quotation for Enhancement to and
Maintenance of OpenFox™ Product
Suite for
Michigan State Police**

To: Barb Suska, Contract Administrator Michigan Department of Information Technology Strategic Portfolio Office 525 W. Allegan Street Constitution Hall, 1st Floor North Tower Lansing, MI 48913 517-335-4067 (Office) 517-241-8852 (Fax) suskab2@michigan.gov		Date: 09/14/2009	Terms: 30 days	
		Remarks: Enhancements to and maintenance of the OpenFox™ Product Suite installed for the Michigan State Police.		
From: Lorne Sawatzky		Shipping: N/A	Est. Completion: N/A	
Maintenance Product Description	Quantity	Period	Yearly Maintenance	Monthly Maintenance
Year – 3 Combined OpenFox™ product suite maintenance including: <ul style="list-style-type: none"> • Base system • System brought on-line as of 9/30/2007 • Enhancements as implemented 	1	10/01/2009 – 9/30/2010	\$80,320.00 = (\$71,220.00 software maintenance from original pricing + \$2,000 + \$2,100 + \$5,000 listed above for enhancements)	
Year 4 - Combined OpenFox™ product suite maintenance including: <ul style="list-style-type: none"> • Base system • System brought on-line as of 9/30/2007 • Enhancements above • Hardware 	1	10/01/2010 – 9/30/2011	\$83,881.00 = (\$74,781.00 software maintenance from original pricing + \$2,000 + \$2,100 + \$5,000 listed above for enhancements)	
Combined OpenFox™ product suite maintenance including: <ul style="list-style-type: none"> • Base system • System brought on-line as of 9/30/2007 • Enhancements above • Hardware 	1	10/01/2011 – 9/30/2012	\$83,881.00 = (\$74,781.00 software maintenance from original pricing + \$2,000 + \$2,100 + \$5,000 listed above for enhancements)	
MAINTENANCE TOTAL			\$248,082.00	

Note: The maintenance cost provides participation for two attendees from Michigan State Police at the OpenFox™ User Conference including expenses related to attendee airline travel, hotel accommodations, several of the meals and conference fees.

Lorne Sawatzky, President
CPI
475 Quadrangle Drive, Suite A
Bolingbrook, Illinois 60440

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

June 20, 2008

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B6200123
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE (630) 968-0244 Lorne Sawatzky
Computer Projects of Illinios, Inc. 6416 South Cass Avenue Westmont, IL 60559 LSawatzky@openfox.com		BUYER (517) 241-3215 Steve Motz
Contract Administrator: Barbara Suska Next Generation LEIN (NGL) - Michigan State Police		
CONTRACT PERIOD: From: December 27, 2005 To: September 30, 2012		
TERMS	N/A	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE (S):

Effective immediately, this contract is hereby **EXTENDED** to December 28, 2012 and **INCREASED** by \$229,800.00 per the attached. All other pricing, specifications, terms and conditions remain the same.

Optional Extensions (2 years)	X	12/29/2008 – 12/28/2010
Extension (1 year, 9 months)	X	12/29/2010 – 9/30/2012

AUTHORITY/REASON:

Agreement between DIT, MSP and the vendor and approval by DMB, Purchasing Operations and the State Administrative Board dated 6/17/2008.

INCREASE: \$229,800.00 (\$131,000.00 software enhancements) + (\$48,000.00 maintenance) + (\$36,400.00 new maintenance (9,100.00 x4)) + (14,400.00 memory)

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$ 1,263,303.00



**Computer Projects of Illinois, Inc.
Quotation for Enhancement to and
Maintenance of OpenFox™ Product Suite
for
Michigan State Police**

To: Barb Suska, Contract Administrator Michigan Department of Information Technology Strategic Portfolio Office 525 W. Allegan Street Constitution Hall, 1st Floor North Tower Lansing, MI 48913 517-335-4067 (Office) 517-241-8852 (Fax) suskab2@michigan.gov		Date: 05/14/2008	Terms: 30 days	
		Remarks: Enhancements to and maintenance of the OpenFox™ Product Suite installed for the Michigan State Police.		
From: Lorne Sawatzky		Shipping: N/A	Est. Completion: N/A	
Enhancement Product Description	Quantity	Unit Cost	Total Initial Cost	Yearly Maintenance
Software enhancements to the OpenFox™ Archival & Retrieval product to provide multiple concurrent searches	1	\$20,000.00	\$20,000.00	\$2,000.00
Direct connect to NCIC, NLETS, Mainframe and CHR system from NGL (replace SB Gateway).	1	\$61,000.00	\$61,000.00	\$2,100.00
Direct interface to ICHATand associated processing including HFS DB changes (eliminating need for Appminer	1	\$50,000.00	\$50,000.00	\$5,000.00
ENHANCEMENT TOTAL			\$131,000.00	
Maintenance Product Description	Quantity	Period	Yearly Maintenance	Monthly Maintenance
Maintenance of OpenFox™ Message Switching System with Configurator and Operator Aid (base system – old switch)	1	10/01/2007 – 9/30/2008	\$47,500.00	
Year 2 - Combined OpenFox™ product suite maintenance including: <ul style="list-style-type: none"> • Base system • System brought on-line as of 9/30/2007 • Enhancements above 	1	10/01/2008 – 9/30/2009	\$80,320.00 = (\$71,220.00 software maintenance from original pricing + \$2,000 + \$2,100 + \$5,000 listed above for enhancements)	

Year – 3 Combined OpenFox™ product suite maintenance including: <ul style="list-style-type: none"> • Base system • System brought on-line as of 9/30/2007 • Enhancements above 	1	10/01/2009 – 9/30/2010	\$83,881.00 = (\$74,781.00 software maintenance from original pricing + \$2,000 +\$2,100 + \$5,000 listed above for enhancements)	
Year 4 - Combined OpenFox™ product suite maintenance including: <ul style="list-style-type: none"> • Base system • System brought on-line as of 9/30/2007 • Enhancements above • Hardware 	1	10/01/2010 – 9/30/2011	\$107,160.00 = (\$19,540.00 hardware maintenance + \$78,520.00 software maintenance from original pricing + \$2,000 +\$2,100 + \$5,000 listed above for enhancements)	
Combined OpenFox™ product suite maintenance including: <ul style="list-style-type: none"> • Base system • System brought on-line as of 9/30/2007 • Enhancements above • Hardware 	1	10/01/2011 – 9/30/2012	\$112,453.00 = (\$20,907.00 hardware maintenance + \$82,446.00 software maintenance from original pricing + \$2,000 +\$2,100 + \$5,000 listed above for enhancements)	
MAINTENANCE TOTAL				

Note: The maintenance cost provides participation for two attendees from Michigan State Police at the OpenFox™ User Conference including expenses related to attendee airline travel, hotel accommodations, several of the meals and conference fees.

Lorne Sawatzky, President
CPI
475 Quadrangle Drive, Suite A
Bolingbrook, Illinois 60440



**Computer Projects of Illinois
Quotation**

Additional Memory for Hardware

To: Gordon Mayes Michigan State Police (517) 336-6460		Date: 4/23/2008	Terms: 30-Days
From: Marc J. Smith		Remarks: Pricing for additional memory for both the A and B boxes of the OpenFox Message Switch	Shipping: N/A
		Est. Completion: N/A	
Product Description	Quantity	Unit price	Total
1. 4 GB Memory Addition	2	\$3,600.00	\$7,200.00
Or			
2. 8 GB Memory Addition	2	\$7,200.00	\$14,400.00

* There is a \$9.00 admin fee charged per client for credit card orders.

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

April 16, 2007

CHANGE NOTICE NO. 1
 TO
 CONTRACT NO. 071B6200123
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR		TELEPHONE (630) 968-0244 Lorne Sawatzky	
Computer Projects of Illinios, Inc. 6416 South Cass Avenue Westmont, IL 60559			
		BUYER (517) 241-3215 Steve Motz	
Contract Administrator: Barbara Suska Next Generation LEIN (NGL) - Michigan State Police			
CONTRACT PERIOD:		From: December 27, 2005	To: December 28, 2008
TERMS	N/A	SHIPMENT	N/A
F.O.B.	N/A	SHIPPED FROM	N/A
MINIMUM DELIVERY REQUIREMENTS		N/A	

NATURE OF CHANGE(S):

Effective immediately, the buyer for this contract is changed to Steve Motz.

AUTHORITY/REASON(S):

Purchasing Operations request.

ESTIMATED TOTAL CONTRACT VALUE REMAINS: \$1,033,503.00

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

December 27, 2005

**NOTICE
 OF
 CONTRACT NO. 071B6200123
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Computer Projects of Illinios, Inc. 6416 South Cass Avenue Westmont, IL 60559	TELEPHONE (630) 968-0244 Lorne Sawatzky
	BUYER (517) 241-2005 Lisa Morrison
	Contract Administrator: Barbara Suska Next Generation LEIN (NGL) - Michigan State Police
CONTRACT PERIOD: From: December 27, 2005 To: December 28, 2008	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

The terms and conditions of this Contract are those of **ITB #07B6200123**, this Contract Agreement and the vendor's quote dated December 16, 2005. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Cost of This Contract: 1st Year \$686,089.00

Estimated Total Contract Value: \$1,033,503.00

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

CONTRACT NO. 071B6200123
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Computer Projects of Illinios, Inc. 6416 South Cass Avenue Westmont, IL 60559	TELEPHONE (630) 968-0244 Lorne Sawatzky BUYER (517) 241-2005 Lisa Morrison
Contract Administrator: Barbara Suska <p style="text-align: center;">Next Generation LEIN (NGL) - Michigan State Police</p>	
CONTRACT PERIOD: From: December 27, 2005 To: December 28, 2008	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB #071B6200123, this Contract Agreement and the vendor's quote dated December 16, 2005. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.	
Estimated Cost of This Contract: 1 st Year \$686,089.00 Estimated Total Contract Value: \$1,033,503.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the [ITB No. 071B6200123](#). A Purchase Order Form will be issued only as the requirements of the State Departments are submitted to Acquisition Services. Orders for delivery may be issued directly by the State Departments through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

FOR THE VENDOR:	FOR THE STATE:
Firm Name	Signature
Authorized Agent Signature	Name Acquisition Services
Authorized Agent (Print or Type)	Title
Date	Date

**STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services**

Contract No. [071B6200123](#)
[Next Generation LEIN](#)

Buyer Name: Lisa Morrison
Telephone Number: (517) 241-2005
E-Mail Address: morrisonl1@michigan.gov

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Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (State), through the Michigan Department of State Police, Criminal Justice Information System, Field Services Section (MSP CFSS) and the Michigan Department of Information Technology (MDIT), with assistance of the Michigan Department of Management & Budget (MDMB), have issued contract for the purpose of obtaining services to upgrade the current message switch processing system supporting criminal justice.

This project consists of the following components:

- Identification of business requirements in partnership with MSP/CFSS & MDIT.
 - NCIC Operating Manual (Rev. 2000)
 - NCIC Code Manual (Rev. 2000)
 - NLETS User & Technical Guide (Rev. 3/05)
 - LEIN Operations Manual (Rev. 1/02)
 - CJIC Security Policy (Rev. 9/05)
 - Michigan CJIS Security Policy (Rev. 10/02)
 - Due to the confidentiality of these documents, copies of these documents will be made available to the selected Contractor on an as needed basis to be determined by the Michigan CJIS Policy Council.
- Verification and validation of business requirements
- Verify and validate technical specifications for the equipment
- Procure the equipment
 - Application Server(s)
 - Storage equipment
- Deliver the equipment
- Installation of all associated software
- Transition of business operations to the new equipment including migration and integration
- Maintenance of existing equipment and equipment to be purchased and all associated software
- Provide the configuration, modification, migration, integration and testing of the equipment for full functionality and use of the equipment [MDIT will do the actual installation of the purchased equipment, together with all accessories (cabling, rack, etc.)].
- Assist with transition of the message switch equipment and software to the new equipment.
- Train users and technical staff in use and operation of the system
- Provide knowledge transfer to State as identified through the project.
- Provide documentation, to include user and technical manuals
- Procurement of software
- Installation of software
- Services to implement the software, including configuration, customization, modification, interfaces, data conversion, migration, and integration and testing.
- Transition of business operations to the new software, including data migration.
- Training documentation to include user manuals and technical manuals
- Help Desk and Technical support

Installation of equipment will be done internally by MDIT staff.

The State seeks to have services begin in January 2006 with full implementation of the system to be completed by **March 1, 2007.**

The Contract will have a maximum term of three (3) years, with one (2) two-year extension possible. Renewal of the Contract will be at the sole discretion of the State and will be based upon the acceptable performance of the selected Contractor as determined by the State.



1.002 BACKGROUND

The Michigan Department of State Police (MSP) is modernizing its current Law Enforcement Information Network (LEIN) with a project entitled the Next Generation LEIN (NGL). The operational requirements of information systems used by criminal justice personnel and first responders have increased significantly in recent years. New requirements for data sharing, evolving standards for the assimilation and distribution of criminal justice data, and increased security requirements are major drivers in the upgrade of many statewide criminal justice information systems.

The intent of the NGL is to design, develop and rollout a new information system to manage and facilitate the entire law enforcement information exchange process between MSP, federal agencies, and other state and local government entities; integrating law enforcement and non-law enforcement entities. The vision of NGL is to support multiple source queries, the automatic push and pull of information, and support information publication and notification functionality. It will contain a web-based user interface, connectors to exchange data with the Federal Bureau of Investigation (FBI), the United States Department of Justice (USDOJ), Michigan State agencies and criminal justice entities. The system must provide reliable information delivery, ensure security of information, and log all queries and responses. It must interface with local agency gateways and databases, the Michigan Criminal Justice Information Network (MiCJIN) portal, various criminal justice applications throughout the State of Michigan, and other statewide databases as identified. It must also provide "once only" message delivery, end-to-end encryption of all network traffic, and individual user authentication.

The NGL will migrate existing legacy applications off the current Unisys mainframe to a web-enabled enterprise server environment. In a collaborative effort, MSP and MDIT will also upgrade all applications to be compliant with new standards in the criminal justice arena such as the Global Justice XML Data Model (GJXDM) and will establish a statewide network that will support the sharing of images and federated data queries.

Central to achieving these project objectives is the upgrade of the existing message switch. The message switch is a critical component of MSP's existing infrastructure. Today, the message switch is responsible for managing the message flow between the State of Michigan and National Crime Information Center (NCIC) and National Law Enforcement Telecommunications System (NLETS), essentially connecting Michigan to the national clearinghouses for criminal justice information. As the NGL moves forward, it is envisioned that an upgraded message switch will become the component that will ultimately take over the bulk of the processing that is done on the mainframe today.

An integral part of MSP's strategy is to reduce the costs and risks associated with the NGL by leveraging the State's existing investment in the current message switch. The purpose of this contract is to purchase the hardware, system software, and operating system environment for the upgrade of the OpenFox message switch system, and Hot Files, and obtain storage capabilities for the upgraded system.

The State reserves the right to purchase any or all hardware separate from this Contract.

The State has standards and guidelines that Contractors are expected to follow. Specifically, the State's Project Management Methodology (PMM) must be followed. The PMM, and other background information which may assist in the preparation of a proposal, may be reviewed at www.michigan.gov/projectmanagement.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

The Contractor will provide the following services for the complete and successful implementation of an upgraded message switch system providing the functionality required for the State's business operations for the Michigan Department of State Police-Criminal Justice Information System located at 714 S. Harrison Road, East Lansing, Michigan. The Contractor will provide the following services:

- Identification of business requirements in partnership with MSP/CFSS & MDIT.
 - NCIC Operating Manual (Rev. 2000)
 - NCIC Code Manual (Rev. 2000)
 - NLETS User & Technical Guide (Rev. 3/05)
 - LEIN Operations Manual (Rev. 1/02)
 - CJIC Security Policy (Rev. 9/05)

- Michigan CJIS Security Policy (Rev. 10/02)
- Due to the confidentiality of these documents, copies of these documents will be made available to the selected Contractor on an as needed basis to be determined by the Michigan CJIS Policy Council.
Verification and validation of business requirements
- Verify and validate technical specifications for the equipment
- Procure the equipment
 - Application Server(s)
 - Storage equipment
- Deliver the equipment
- Installation of all associated software
- Transition of business operations to the new equipment including migration and integration
- Maintenance of existing equipment and equipment to be purchased and all associated software
- Provide the configuration, modification, migration, integration and testing of the equipment for full functionality and use of the equipment [MDIT will do the actual installation of the purchased equipment, together with all accessories (cabling, rack, etc.)].
- Assist with transition of the message switch equipment and software to the new equipment.
- Train users and technical staff in use and operation of the system
- Provide knowledge transfer to State as identified through the project.
- Provide documentation, to include user and technical manuals
- Procurement of software
- Installation of software
- Services to implement the software, including configuration, customization, modification, interfaces, data conversion, migration, and integration and testing.
- Transition of business operations to the new software, including data migration.
- Training documentation to include user manuals and technical manuals
- Help Desk and Technical support

1.102 OUT OF SCOPE

The following services will be considered out of scope for this procurement:

1. Migration of MSP legacy applications to a server environment.
2. Setup and testing of a disaster recovery site.
3. Replacement of the client desktop portion of the LEIN application.

1.103 ENVIRONMENT

Overview of Existing State Operating Environments

Information regarding the State’s information technology architecture and standards may be found at: <http://www.michigan.gov/dit/0,1607,7-139-34305---,00.html>.

The MSP CFSS environment is detailed in Appendix 1.

1.104 WORK AND DELIVERABLE

Requirements

A. Technical Requirements – The document attached as Appendix 2 states general technical requirements for the system.

B. Business Requirements

1. Location of Work

- a. The work is to be performed, completed, and managed at the following locations:
 - i. Michigan State Police Headquarters 714 S. Harrison Road, East Lansing, Michigan
 - ii. Michigan Department of Information Technology-DCO 515 Westshire, Lansing, Michigan,
 - iii. Contractor’s offsite location as agreed upon by the State of Michigan.



- b. For work performed at State facilities, the State will provide work space which will include minimal clerical support, desk, telephone, PC workstation, printer, access to copiers and fax machine.

2. **Travel**

- a. No travel or expenses will be reimbursed, unless travel is required by the State and approved in advance by the State's Project Manager.
- b. When authorized, travel charges will only be reimbursed at current state-authorized rates as outlined by DMB guidelines (<http://www.michigan.gov/dmb/1,1607,7-150-9141---,00.html>.) and must be accompanied by actual receipts.
- c. Travel time will not be reimbursed.

3. **Hours of Operation**

- a. Normal State working hours are 8:00 a.m. to 5:00 p.m., Monday through Friday, with work performed as necessary after those hours to meet project deadlines.
- b. The State is not obligated to provide State management of assigned work outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project.

4. Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay. **System Requirements**

- a. The hardware and software must meet all applicable legal and policy requirements as defined by Federal law and systems policies including those concerning system integrity, response time, physical and data security, user and administrator clearances, dissemination restrictions, and others.
- b. The system shall meet the message handling requirements of NCIC & NLETS.
- c. The system shall meet the Interstate Photo System (IPS) standards for NCIC.
- d. The system shall be compatible with the FBI's CJIS WAN protocols and network infrastructure.
- e. The system shall route messages to terminals, printers, individual users, computer interface agencies, and groups that can consist of terminals, printers, individuals, and computer interface agencies.
- f. The system shall route messages to programs based on message class, type, and user defined selection criteria.
- g. The system shall allow messages to be delivered immediately, or queued for later delivery (this should be user selectable in real-time).
- h. The system shall log all messages regardless of origination point or destination, both message as sent and message as delivered.
- i. The system shall provide for an audit trail showing when the messages was created, delivered and if it was viewed/printed and by whom with full date time stamp.
- j. The system shall display messages queued at any terminal/printer or user destination, individuals, and computer interface agencies.
- k. The system shall search/filter messages that are queued at any terminal/printer or user destination, individuals, and computer interface agencies.
- l. The system shall deliver all messages in real time. The location or method of storage shall not impact delivery time. All messages delivered, but not logged to the database must be logged automatically when the database becomes available.
- m. The system shall allow real-time control of security access permissions for the transmission or receipt of NCIC or NLETS messages.
- n. The system shall provide for use of TCP/IP for line interfaces to NCIC, NLETS and user agencies.
- o. The system shall provide maintenance applications to startup, shutdown, and show current status (including send/receive/error statistics) of line interfaces with NCIC, NLETS and user agencies. This ability should be on a line by line basis.
- p. The system shall self-monitor the status of lines to NCIC, NLETS and user agencies and if errors are encountered, notify a designated terminal, printer, user, or destination list, and automatically retry to reacquire the line experiencing the errors.
- q. The system shall record user-defined audit information.
- r. The system shall provide for the ability to re-deliver a message.



- s. The system shall provide the ability to send messages to and from both test and production remote systems. The message shall reflect the originating system.
- t. The system shall provide for conformance with NCIC, NLETS, and the MSP CJIS interface specifications for all transactions.
- u. The system shall provide the ability to create user groups for message delivery.
- v. The system shall provide the ability to send free form messages to users, agencies, devices, groups, and computers using TCP/IP.
- w. The system shall provide asynchronous task processing to send queries and to respond to queries.
- x. The system shall provide the ability to identify, reformat (as needed), and forward messages to NCIC according to FBI submission criteria.
- y. The system shall provide on-line help and access to NCIC, NLETS, and State codes, definitions, and manuals.
- z. The system shall provide connectivity to: NICB, NCIC, NLETS, FBI CJIS WAN, and State frame relay data telecommunications networks (via TCP/IP).
- aa. The system shall provide the ability to generate the message log in hexadecimal code as well as plain text and other appropriate formats. The hexadecimal display function is frequently used by the programming staff for debugging purposes - primarily it facilitates the viewing of unprintable characters which are quite common in the NCIC and NLETS transactions.
- bb. The system shall provide the ability to view outgoing messages with their headers.
- cc. The system shall provide the ability to implement new versions of the message switch application with no interruption of service. Requires the ability to add, delete, change stations, users, message keys, etc. without interruption.
- dd. The system shall provide asynchronous task processing to respond to queries and do updates.
- ee. The system shall provide the ability to exchange selected records and data elements with other applications according to specifications provided by the State, including, but not limited to, applications maintained by:
 - i. Local law enforcement agencies.
 - ii. State Court System.
 - iii. Michigan Department of Corrections.
 - iv. Michigan Attorney General
 - v. Michigan Department of Human Services
 - vi. Michigan Secretary of State
 - vii. Prosecutors
- ff. The system shall provide the ability to record, store, and display error messages received or produced as part of the transaction log.
- gg. The system shall accept and validate user group profiles for submission and distribution of data.
- hh. The system shall provide the ability to search all messages by user-defined search criteria using one or more of the message fields.
- ii. The system shall create, route, and deliver "unsolicited messages" when specific transactions are entered.
- jj. The system shall maintain a history of all transactions with ability to archive and purge
- kk. The system shall process more than 400,000,000 system transactions per year.
- ll. The system shall provide error messages for transactions that fail validation at the message switch.
- mm. The system shall prioritize processing of message transactions based on the type of transaction, the agency, and the requested priority level.
- nn. The system shall allow messages to be routed to an identified service agency, to support agencies that do not operate a 24x7 operation.
- oo. When a message is routed to a "servicing agency" (operating on behalf of another agency), the system shall send a copy of the message to the intended ("serviced agency") recipient.
- pp. The system shall provide the ability to route messages by destination agency, terminal, user, and group.
- qq. The system shall hold undeliverable messages, storing them until they can be successfully forwarded, and notify the sender of the delay and the nature of the delay.
- rr. The system shall provide a user-friendly interface to the message switch, including basic word processing functions.



- ss. Hardware and software licenses must conform to the State IT or agency-specific standards approved by MDIT.
- tt. All products (source code) and services produced for this Contract become the property of the State.

6. Delivery Conditions

- a. All items shall be delivered within of the timeframe(s) stated on a purchase order.
- b. The State and Contractor shall agree on a schedule of events regarding the delivery of required services and products to achieve the State's project plan.
- c. All items shall be bid FOB destination to the location specified in the Purchase Order. The term FOB destination shall mean delivered and accepted at the identified agency destination receiving site and with all charges for transportation and unloading paid by the Contractor. These charges are to be built into the price of each item bid. "Accepted" means delivered as specified in a Purchase Order for purchase of the equipment. Mere acknowledgement by State personnel of the delivery or receipt of the equipment shall not be deemed or construed as accepted.
- d. All deliveries shall be "Inside deliveries".
- e. The Contractor will pay title and risk of loss or damage charges.

7. Training

- a. The Contractor will provide training on upgrades and modifications of the system that affect end-user functionality at no additional cost (e.g. classroom or online training, training flier, tent card, and release features, etc.).
- b. The Contractor will provide all training manuals, training plans and other documentation to the State.
- c. Training materials provided will become the property of the State.
- d. Training will be conducted at Michigan State Police Headquarter 714 S. Harrison Road, East Lansing, Michigan.
- e. State will be responsible for the class room and required workstations. The workstations must be able to communicate over the LAN to the message switching system.
- f. The Administrator training will consist of one (1) class of up to ten (10) people. The Administrator training will cover the administration of the three (3) primary elements in the solution; the Message Switching System, the Hot Files application, and the Archive & Retrieval system. The administrator training will be approximately five (5) days in length.
- g. The Operator training sessions will be held with up to ten (10) persons in attendance and each class will be approximately six (6) hours in duration.
- h. The Contractor shall provide knowledge transfer of the system to State staff to be able to make software changes.

8. Documentation

- a. The Contractor will provide documentation in State-approved electronic format of upgrades/modifications of the applications that affect end-user functionality (i.e. updates to the data element dictionary, the entity relationship diagrams, and the vg_table schemas, etc.).
- b. The Contractor will provide documentation updates for all appropriate manuals as additional capabilities, enhancements, or improvements are made to the system.
- c. The Contractor will submit the following documentation.
 - i. System-wide documentation and specifications
 - ii. Baseline End-User training manuals to be used as a basis for "User Manuals" and online help
 - iii. Installation procedure
 - iv. Configuration documents sufficient for configuration maintenance purposes
 - v. Testing scripts
 - vi. Specification documentation
 - vii. Production migration
 - viii. Data conversion

9. Maintenance and Support

- a. The Contractor will provide 24/7 support to address any problems with the system and equipment.



- b. The Contractor will provide thorough, ongoing technical system support.
- c. The Contractor will provide online technical system documentation.
- d. The Contractor will provide telephone technical support with 24/7 support.
- e. The Contractor will provide email technical system support with a maximum 24-hour turnaround on questions.
- f. The Contractor will provide on-site technical support upon the State's request.
- g. The Contractor will provide an escalation process for technical support.
- h. The Contractor will provide an 800 number with a single point of contact 24 hours per day, 7 days per week to accept remedial maintenance requests from the State.
- i. Telephone Assistance. The Contractor shall provide the State MSP-CJIS database administrator with telephone access to technical support engineers for assistance in the proper installation and use of the applications, and to report and resolve system problems, with 24/7 support.
- j. The Contractor shall respond to the telephone requests for maintenance service, within two (2) hours, for calls made at any time.
- k. The Contractor, with the State's approval, may provide remedial maintenance off-site via telephone or secure connection to the system.
- l. The Contractor's maintenance program will commence at the end of the warranty period.
- m. All maintenance will be performed by qualified personnel who are familiar with the system.
- n. The Contractor will provide backup maintenance resources.
- o. The Contractor will provide for escalation of maintenance issues to ensure critical issues are resolved.
- p. The Contractor will provide remote diagnostic capabilities.
- q. The Contractor will provide one point of contact to report system malfunction whether malfunction is due to software or is of unknown origin. The Contractor will then be responsible for providing the appropriate remedy.
- r. The Contractor will make maintenance of the system available from the Contractor on an annually renewable Contract basis.
- s. The Contractor will provide Help Desk hours and a process for prioritizing requests for assistance.
- t. For the first year and all subsequent Contract years, the Contractor will provide the following services for the system, commencing upon installation of the deliverable(s):
 - i. Error Correction. Upon notice by State of a problem with the system (that can be verified), the Contractor shall use reasonable efforts to correct or provide a working solution for the problem.
 - ii. The Contractor shall notify the State of any material errors or defects in the deliverables known, or made known to the Contractor from any source during the Contract term that could cause the production of inaccurate or otherwise materially incorrect, results.
 - 1. The Contractor shall initiate actions, as may be commercially necessary or proper to effect corrections of any such errors or defects.

10. Modification to Meet New Requirements

- a. During the Contract period, if changes occur in federal or state systems standards and they require modifications to hardware, software or components, such changes will be accepted through procedures outlined in Change Management (Section 1.403).
 - i. The Contractor shall make minor or routine system and software modifications at no additional charge.
- b. The Contractor shall perform the following at no additional cost:
 - i. Apply Contractor-opted modifications to all previously-installed systems at no cost to the State when a system is covered by an existing maintenance agreement.
 - ii. Contractor shall notify entities if 3rd Party software upgrades are required. The purchase of any upgrades of 3rd Party software will be the responsibility of the State.

11. Warranties



- a. The Contractor will provide a warranty provision for the products and services resulting from this Contract commencing on the first day following formal written acceptance by the State for a particular phase or software component.
- b. The minimum warranty period is one (1) year.
- c. During the warranty period, Contractor must correct any element of the system which fails to perform in accordance with the requirements of this Contract and/or published specifications.
 - i. Corrective action by the Contractor may include, but is not limited to, redesigning, repairing or replacing the nonconforming element.
- d. The warranty shall provide that all hardware, software and firmware is free from imperfections in design and free from any and all defects and is able to perform continuously and satisfactorily under normal operating conditions.
- e. The one year warranty following acceptance must include all parts, labor and travel expenses. Coverage and response time for remedial maintenance requests during the warranty period must be as defined in the remedial maintenance requirements of this section.
- f. The Contractor shall assign all applicable third party warranties for deliverables to the State.

12. State and Agency Rules

- a. Contractor must follow State/Agency rules for computer and Internet usage and will be required to sign any agreements, as required of the State's own employees.

13. Security and Confidentiality

- a. The State will retain administration of data access security, including application security (granting of access, resetting of passwords, definition of password syntax rules, monitoring of access violation reports, etc.).
- b. The State will administer all user security profiles.
- c. MDIT will oversee and coordinate security issues relative to the Contractor and State agencies.
- d. The Contractor is responsible for the function of security software implementation and maintenance if the changes implemented under this Contract warrant a change from the current system.
- e. Confidentiality of Data and Information
 - i. All financial, statistical, personal, technical and other data and information relating to the State's operation which are designated confidential by the State and made available to the Contractor in order to carry out this Contract, or which become available to the Contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State.
 - ii. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this section.
 - iii. The Contractor shall not be required under the provisions of this section to keep confidential, (1) information generally available to the public, (2) information released by the State generally, or to the Contractor without restriction, (3) information independently developed or acquired by the Contractor or its personnel without reliance in any way on otherwise protected information of the State. Notwithstanding the foregoing restrictions, the Contractor and its personnel may use and disclose any information which it is otherwise required by law to disclose, but in each case only after the State has been so notified, and has had the opportunity, if possible, to obtain reasonable protection for such information in connection with such disclosure.
- f. Remedies for Breach of Confidentiality
 - i. The Contractor acknowledges that a breach of its confidentiality obligations as set forth in this Contract shall be considered a material breach of the Contract. Furthermore the Contractor acknowledges that in the event of such a breach the State shall be irreparably harmed. Accordingly, if a court should find that the Contractor has breached or attempted to



breach any such obligations, the Contractor will not oppose the entry of an appropriate order restraining it from any further breaches or attempted or threatened breaches.

C. Functional Requirements

The proposed system must meet the following requirements:

1. General Requirements

- a. The entire project consists of the implementation of a Message Switching System, a Hot Files subsystem, an Archive & Retrieval System, a High availability monitor, an Operator Aid station and a configuration manager.
- b. The proposed configuration will include a primary message switch consisting of an A System and B System.
- c. The system will house a Hot Files application that will be a database application necessary to upgrade the existing functionality with all of the files currently used.
- d. The proposed configuration will also have a separate third system that will house an Archive & Retrieval system with the disks associated with the online storage of message traffic.
- e. All of the systems will be housed in one rack with one KVM console used to control any / all of the systems.
- f. The KVM console will be housed within a drawer in the rack.
- g. A switch is provided to move the console from one system to the other.
- h. The systems will be configured with the following as objectives:
 - i. Maximum performance – both the Hot File application and the message switch are heavily used and responses must be obtained quickly. The systems are much more powerful than many of our existing systems in terms of processing power, memory and disk architecture. In addition, the Hot File application will spread the database over several disk spindles thus speeding up the lookup and response generation time.
 - ii. Minimum development – the design of the database as well as the message switch will maximize the use of existing code that will minimize the amount of development.
 - iii. Quick installation – the systems proposed and the design utilized will insure that full deployment can be met in the required time frame.
- i. Ease of maintenance – the architecture and design of the solution will facilitate maintenance activities. The system, both the message switch and the Hot File application, will provide the ability to customize the system to meet special needs of MSP through the use of configuration capability rather than through the use of hard code.
- j. System A and System B will be two completely redundant systems with the high availability monitor running to detect hardware, operating system and application software failures and automatically switch from the on-line system to the backup when required.
- k. When the applications move over to the redundant systems, IP addresses associated with the operation move to the new system and no communications interface will be aware that a switchover has occurred except that the current session that will be terminated and needs to be re-established.
- l. Each of the systems will consist of 4 processors each executing at 1.5 GHz.
- m. Each of the systems will be equipped with 8 GB of memory and two internal disks.
- n. The internal disks will be used to house the operating system and some of the backups of the message switching operational files.
- o. The process for creating this backup will be automatic and flags are created which will allow operations to determine if the backups were successful.
- p. The information automatically backed up will be configuration files, such as stations (workstations, ORI's, groups, etc.), message key definitions, code tables, etc.
- q. Two external disk systems will be used to house the message switch queue and delivery logs as well as the database associated with the Hot Files applications.
- r. One of the external disk systems will be mirrored to the other for availability.
- s. The disks will be hot swappable thus making it possible to replace a failed disk without experiencing any down time.
- t. The Hot Files application will make use of several disks to maximize performance.



- u. The system must have the capability to connect to a SAN environment if the State so chooses to implement this option in the future for long term storage.

2. **Archive & Retrieval System**

- a. The proposed solution will contain and archive and retrieval system.
- b. The Message Switching System will log all messages received and transmitted to disk.
- c. It will process all of the message transactions through the use of rules established by the configuration of the message keys.
- d. The message field codes composing the message keys structures will be configured with or without a flag indicating that this field should be considered as an index when the data is exported to the Archive & Retrieval system.
- e. The queue / log files are exported from the Message Switching System to the Archive & Retrieval system on a periodic basis which will be defined at Design Specification time.
- f. The Archive & Retrieval system will process the exported files and will load the indexes as well as other common parameters associated with each message into Oracle tables.
- g. The Archive & Retrieval will provide graphical tools for the retrieval and reporting of messages originally input or sent from the message switching system.
- h. The archive & retrieval system will be Windows based system with the storage necessary for housing approximately 5 years of message traffic based upon the following information provided by Michigan.
 - i. The current system message volume is approximately 30,000,000 messages per month or approximately 1,000,000 messages per day. The State approximates the following volume:

Components	Messages per day
Message switch to the Hot Files	130,000
From Hot Files to Message Switch	130,000
Message Switch to CCH	90,000
From CCH to Message Switch	90,000
Messages from / to all other interfaces	1,000,000
Total	1,440,000

3. **Discovery and Design Specification**

- a. Contractor will provide a formal period of discovery, working with State personnel, to create the design specification.
- b. Contractor will detail the message switching requirements including the definition of all transactions, the proper processing of transactions, transaction spawning, editing and formatting.
- c. The design specification will detail requirements related to the configurations for ORI's, Stations, Users, Group and associated configurations.
- d. The design specification will provide documentation related to the interfaces such as Core Technology Corporation's systems for workstations and regional interface agencies, SOS, CCH, NLETS, NCIC as well as the LDAP interface for User identification. The Hot Files system design will also be documented providing the rules for proper processing of the Hot File transactions, the content of the various action responses including messages related to the entry of new records, the modification of records, the location of records, the clear and cancel actions as well as error responses. The response messages may also include broadcasts sent to a defined group of devices when certain actions have been completed as well as notifications to quality control positions.
- e. The detailed design specification will also provide the rules associated with the implementation and operation of the archive & retrieval product.

4. **Migration** - The Contractor will provide sufficient service hours to assist the State in migrating from the current message switch version to the upgraded version.

5. **Message Switching System**

- a. The system will be implemented with the following features:
 - i. **Robust Queuing System**
 - 1. Guaranteed Message Delivery
 - 2. Rotor Output
 - 3. Re-route
 - 4. Real Time Queue Inspection
 - 5. Purge
 - 6. Re-deliver
 - 7. Configurable Thresholds For Auto-Management
 - 8. Graphical Queue Status
 - ii. **Robust Messaging Rules**
 - 1. Transaction Authorization Checking
 - 2. Full Message Editing Including Format and Filed Edits
 - 3. Message Spawning
 - 4. Message Monitoring
 - 5. Watchdog Tables
 - 6. Archive Indexes
 - 7. Legacy Text Format
 - a. XML Support
 - b. GJXDM
 - c. OFML
 - d. AAMVA
 - e. XML Parsing Utilizing Xerces
 - f. XML Style Sheet Processing Utilizing Xalan
 - iii. **Full Audit and Log Trail**

6. **Conversion of Message Switch Structures**



- a. All structures related to the message switching requirements will be converted. This includes ORI's, Stations (device / network nodes associated with queues), Group Codes, User ID records, Authorization flags and schemes, etc.
7. **Transaction Processing Customization**
 - a. The system shall provide support for existing message formats (in order that each of the interface agencies does not have to implement changes).
 - b. Customization will provide support for the existing message formats interwoven with the standard message switch capabilities such as NCIC 2000 formats, the latest NLETS formats, support of the Weather interface utilizing NLETS, message parsing, editing and routing as well as support for XML with Style Sheet processing.
8. **NCIC and NLETS Interface**
 - a. The system will be delivered with the latest version of the NLETS and NCIC interfaces, utilizing the standard TCP/IP sockets protocol. To include:
 - i. Robust queuing and delivery software to provide rotor support for the synchronous NCIC connections.
 - ii. The queues and delivery paths should be definable to prevent problems arising from an NCIC Modify transaction being sent prior to the Enter transaction being fully processed by NCIC, a condition that arises when the switch receives input from a batch interface or if the NCIC communications path is temporarily down allowing several transactions to queue.
 - iii. The system will still take advantage of the ability to rotor to four synchronous sessions.
9. **Workstation and Remote System Interface**
 - a. The system will continue all exiting communications sessions with LEIN devices currently provided by the Core Technology Corporation.
 - i. The Secure Tunnel Interface provides for connections from all of the remote systems (interface agencies).
 - ii. The Multibridge Interface provides a connectivity path for all directly connected workstation devices.
 - b. The interface will be utilized to move message traffic between the communications servers and the message switch.
 - c. The interface will use MQ Series to provide the intersystem connectivity.
 - d. Three defined Queue Managers will be provided: message switch Queue Manager, Secure Tunnel Queue Manager, and Multibridge Queue Manager. The message switch Queue Manager will have two defined local queues. One will be for inbound Secure Tunnel messages and one for inbound Multibridge messages. The message format will be used to determine the actual input station for each message. The Secure Tunnel Queue Manager will have a single local queue defined for outbound messages to Secure Tunnel destinations. The Multibridge Queue Manager will have a single local queue defined for outbound messages to Multibridge destinations.
10. **CCH Interface**
 - a. The message switch will interface to the existing CCH system.
The message traffic will consist of all standard Criminal History transactions such as IQ, FQ, QH, and QR as well as all III (triple I) transactions generated by the CCH system. The interface will use MQ Series.
11. **Mainframe Interface**
 - a. The system shall provide for a mainframe interface to bridge to existing functionality and act as a forwarding mechanism to interface with other service user or provider systems.



12. System Administration

- a. The system will allow commands to be input using a point and click methodology, for those users / administrators authorized to perform such commands.
 - b. Responses will be presented within response windows.
13. The system will allow for real time monitoring of system performance, queuing and system throughput (MPS). **High Availability Monitor**
- a. The system will provide for high availability monitoring to monitor the operation of the entire hardware system, the operating system as well as the application and automatically switch to the redundant back up system if a non-recoverable error has occurred.
 - b. The system will come equipped with RAID or mirrored storage systems for the storage of all data required for the operation of the message switching system.
 - c. If the operation switches from the on-line system to the backup, all pertinent files and messages will be recovered from the shared disk arrays.
 - d. The system will be equipped with a Graphical User Interface that displays the system status.
 - i. The status of the components of the cluster as well as the message switch application.
 - ii. If any components fail the screen depiction will turn to red and various audible alerts will be sounded.
 - e. Text will appear on the screen explaining the condition. The system will depict the status of the critical interfaces.
 - i. The personnel at the State will determine the interfaces that are considered critical and the Contractor will customize the display accordingly.
 - ii. The following interfaces are denoted as critical; NCIC, NLETS, SOS, CCH, Hot Files (if present) as well as other interfaces such as Attorney General or Department of Corrections.
 - iii. In addition to a display that indicates the operating condition of the interface, the system must allow the user to open a set of actions that can be invoked by selecting and clicking. These actions include setting the interface down, setting it up and requesting a real time monitor of the communications interface.

14. Hot File Application

- a. The Hot File application will be utilized to support the existing Michigan in-state files.
- b. The Hot File application subsystem will be implemented utilizing the latest version of Oracle.
- c. The Hot File application will provide the ability to house a mirror copy of the NCIC records and to provide specific files that do not meet the NCIC criteria for entry.
- d. The six different record types in the current Michigan system will be converted to be loaded into the Hot File application.
 - i. State will provide flat files of the various file types documenting the record layout and any fields that are coded.
 - ii. Contractor will work with the files provided through the use of pre-processing software to create files that are appropriate for loading into the Oracle Hot File database.
 - iii. A joint team of Contractor and State personnel will work to validate that the records have been converted properly.
- e. Customizing the Hot Files Application - The Design Specification will document all of the transactions and the required processing. The processing will then be implemented in the implementation phase.

15. Staging and Installation

- a. Contractor will stage the systems at its offsite location.
 - i. Staging consists of loading all of the software and insuring that all is in working condition prior to the deployment on site at State.
- b. Once the systems have been shipped to State, the Contractor will work with State personnel to install the hardware and insure proper operation in the assigned area.

D. Services

1. The Contractor will provide services identified in Section 1.101 for the complete and successful implementation of an upgraded message switch system providing the functionality required for the

State's business operations for the Michigan Department of State Police-Criminal Justice Information System.

2. Required deliverables are identified in Appendix 3 of this CONTRACT.
3. The services being provided must use the State's Project Management Methodology. For application development services, a system development life cycle will be used. Using the integrated approach, all contract deliverables and payment will be tied to identified phases. The five phases of the State's project management methodology are Initiation, Planning, Execution, Control, and Closeout. For the system development lifecycle (SDLC), the phases are:
 Phase 1- Initiation
 Phase 2 – Design
 Phase 3 – Development
 Phase 4 – Implementation
 Phase 5 – Post Implementation
4. Project Plan - Within fifteen (15) working days of the award of the Contract, the Contractor will work with MSP and MDIT to develop an agreed upon project plan of tasks and schedule. For purposes of preparing the plan, Contractors are to assume the system will be installed and in operation **by March 1, 2007**. The project plan may include:
 - a. The Contractor's project organizational structure.
 - b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
 - d. The time-phased plan, showing each event, task, and decision point in the work plan, such as:

Task	Description of Tasks	Contractor Deliverable	State Role
Phase 1 Initiation			
Preparation	Procure software and/or equipment, Work planning and scheduling, control systems development, Clarification of roles and responsibilities, Work environment preparation, Project team training planning	Initial project plan Project management guidelines Project standards and controls Issue resolution procedures	Coordinate State resources needed Provide work area Define project standards and controls required by the State
Technical Environment Preparation	Determine system requirements Design configurations Create development environment, Install software and/or equipment Establish security procedures	Message Switch environment	Provide access to infrastructure for installation Schedule State staff required Ensure resources available as needed Adopt standards and procedures required
Project Kickoff	Conduct kickoff meeting	Project kickoff Pre-project checklist	Review the pre-project checklist Schedule and attend meetings
Phase 2 Design			



Business Process Review	Conduct detailed business process reviews for each of the business areas in the software and functionality to be implemented, Collect the data needed for implementation	Business process notes	Coordinate attendance of required State staff Provide access to the State's system Provide documents as required.
Initial Configuration	Develop initial State configuration Make key configuration enhancements more closely resembling the production environment	Initial configuration document	Review configuration document and verify accuracy
Fit Analysis	Structured walk through of application features to map product to State's needs; Clarify interface, file transfer and conversion requirements; Identify issues and prepare plans to address.	Module approach papers Module configuration documents	Provide resources and access required Review and verify the deliverables
State Configuration	Configure software and/or equipment based on the State's unique business requirements. Define user training and documentation requirements.	Initial prototype system configuration.	Assist with population of configuration. Review and verify accuracy of document
Module prototyping and testing	Setup tables; Create business test scenarios; Execute business test scenarios; and adapt system to resolve discrepancies Update system configuration document		Assist in population of tables Participate in testing. Assist with resolution of issues Identify business process issues and suggestions for resolution
Phase 3 Development			
Interface design and development	Work with the State to design and develop interfaces identified in fit analysis	Interfaces Develop, design, verify design of interface Program and install interface	Provide resources to identify and test Test interface Verify each unit-tested interface meets requirements
Conversion design and development	Plan and design the conversion processes with plan and schedule for conversion.	Conversion design for data Program and install conversion program	Provide resources and access Provide data extract Review and verify design Test conversion program Verify each unit-tested conversion meets requirements Cleanse data
Queries and Reports design and development	Assist State in developing and applying skills necessary to use the system once implementation complete Develop and test reports	Assist with development of reports Program and install reports	Provide resources and access Test reports



Modification Development	If any additional modifications are requested by the State, subject to approved change order, design and develop modifications	Modification work as contracted Program and install modifications	Provide resources and access Review and verify design Test modifications Verify each unit-tested modification meets requirements
End user training development	Develop training manuals to reflect that client's final requirements for using the module. Update the training manuals to reflect the system as configured for the State.	Assist in the development of training manuals. Tailored training manual templates Training plan	Establish appropriate training sessions and agenda. Provide and schedule training rooms.
Phase 4 Implementation			
Build stage and production environments	Create the stage and production environments, Define and establish security, Convert data.	Perform full conversion testing in stage environment	Provide resources and access needed Develop, populate, modify stage environment Setup security Validate conversions
Stage preparation and testing	Perform a dress rehearsal of the production environment prior to live date of the system, running parallel process cycles to be validated against the production systems. Conduct system and acceptance testing		Provide resources and access as required Develop user acceptance test criteria Validate Perform user acceptance test Conduct parallels Signoff on system
Conduct user training	Provide end user training Provide training to technical staff	User training sessions Technical training sessions	Identify State trainers to attend Attend sessions Conduct end user training
Migration	Coordinate tasks for cutover	Migration task list Create and populate the production environment	Validate the production environment
Phase 5 Post Implementation			
Post Production Support	Provide maintenance and support. Resolve issues and problems as detected. Revise procedures as needed and communicate updated procedures to the user community. Provide help desk support and workshops as needed for users in the field.	Provide support to project team as required	Provide support to user community. Resolve system and process issues and provide user community with updated procedures. Communicated project team decisions to user community. Maintain issues log to



			be resolved with Contractor
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- e. The Contractor agrees that the approved project plan shall become incorporated as part of the Contract and Scope of Services.
 - i. The project plan will serve as the State’s measurement tool, outlining all tasks, their delivery dates, together with testing periods and implementation dates.
 - ii. Each of the agreed upon tasks will become a Deliverable subject to the liquidated damages; specifically:
 - 1. \$1,000 per calendar day for each calendar day beyond the agreed upon delivery date of an acceptable key deliverable.
 - 2. If a Key Deliverable Date is exceeded by more than thirty (30) calendar days from the date the Key Deliverable is originally due, then by written notice to the Contractor, the State may immediately terminate the right of Contractor to deliver the services and the State may obtain substitute services from another Contractor. In this event, the Contractor shall be liable for fixed and agreed liquidated damages, in lieu of all other damages due to such delay, in the amount specified above for a maximum of sixty (60) calendar days from the original Delivery Date.
- 2. Testing – The Contractor will test the system to ensure that the requirements are satisfied.
 - a. The Contractor will request the State’s project manager approval of the content and completeness of the test scripts.
 - b. The Contractor will first test all components and once proper operation has been achieved will turn the system over to State for additional testing prior to the system entering production.
 - i. The Contractor will correct all test errors, implement corrections, and re-execute tests in their entirety.
 - ii. The Contractor will accept all errors and is responsible to correct and request a re-test until the State is satisfied with the results.
 - c. Once both parties agree that the systems are ready for production, they will be placed into production.
 - d. The Contractor, through cooperation with State, will monitor the operation closely and will fix any problems related to improper operation. The design specification will act as the document that describes proper operation.
 - e. During testing, the State and the Contractor will work together to measure response time.
- 3. Acceptance – The State is responsible for acceptance of the equipment and system using a two-phased, Performance and Reliability Evaluation (PARE) as described below:
 - a. The first phase shall review the equipment listed on the ordering documents for compliance with business requirements and specifications.
 - i. In the event that the State determines that any component or feature of the delivered equipment or software does not comply with the requirements, the State shall notify the Contractor.
 - ii. Contractor shall have 14 calendar days to correct identified deficiencies.
 - iii. If the Contractor is unable to correct the deficiency, the State reserves the right to cancel the ordering document.
 - iv. On successful completion of phase one, the equipment shall enter phase two of the PARE.
 - b. Phase two consists of the following:
 - i. Determination of System Readiness
 - 1. Prior to the PARE, a committee of three persons will be identified to evaluate the system's performance on a daily basis. The committee will consist of one Contractor representative and two State personnel.



2. The PARE will begin on the installation dates when the Contractor certifies that the equipment is ready for use by the State.
3. A functional benchmark demonstration will be run for the PARE Committee to confirm that the installed system is capable of performing the same functions that were demonstrated. This run must be completed to the satisfaction of the PARE Committee.

ii. Standard of Performance

1. The performance period (a period of thirty consecutive calendar days) shall commence when the first devices are installed on the offender and linked to the Contractor's monitoring system. The average effectiveness level is a percentage figure determined by dividing the total operational use time by the total operational use time plus associated down-time.
 - a. During the successful performance period, all rerun time resulting from equipment failure, all reconfigurations and reload time, and preventive maintenance time shall be excluded from the performance period hours. Equipment failure down-time shall be measured by those intervals during the performance period between the time that the Contractor is notified of equipment failure and the time that the equipment is returned to the State in operating condition.
 - b. During the successful performance period, a minimum of 80 hours of operational use time on each component will be required as a basis for computation of the average effectiveness level. However, in computing the effectiveness level, the actual number of operational use hours shall be used when in excess of the minimum stated above.
2. If each component operates at an average level of effectiveness of 99 percent or more for a period of 30 consecutive days from the commencement date of the performance period, it shall be deemed to have met the State's standard of performance.
3. The State shall notify the Contractor in writing of the successful completion of the performance period.
4. The equipment shall operate in substantial conformance with the Contractor's published specifications applicable to such equipment on the date of this Agreement.
5. Equipment added by amendment to this contract shall operate in conformance with the Contractor's published specifications applicable to such equipment at the time of such amendment.
6. If successful completion of the performance period is not attained within 90 days of the installation date, the State shall have the option of terminating the Contract, or continuing the performance tests. The State's option to terminate the contract shall remain in effect until such time as a successful completion of the performance period is attained. The Contractor shall be liable for all outbound preparation and shipping costs for contracted items returned under this clause.
7. The PARE will be complete when the equipment has met the required effectiveness level for the prescribed time period.

4. Data Conversion

- a. The Contractor will be responsible for overseeing the conversion of the existing message switching system (OpenFox) to the products acquired through this Contract. The responsibility for data conversion will be the responsibility of the successful Contractor.

5. Interfaces

- a. The Contractor will be responsible for implementing the selected products with the typical criminal justice information systems interfaces including NCIC, NLETS, Department of State Driver and Vehicle files, remote computer users, Department of Corrections, Criminal History



Records (CHR), LDAP, and MICJIN directory workstations, and other standard IP based interfaces.

6. Service Levels

- a. The State intends to continue providing 1 to 2 second response times to on-line inquiries.
- b. The Contractor's software products shall not cause excessive overhead that will increase the current response time performance.
- c. The Contractor will provide management information identifying how long the Contractor's software takes to process a random chosen inquiry from input to output (input from end-user to system and back to end-user).

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

Contractor's staff must be able to pass a security clearance check conducted by the Contractor. Contractors must present certifications evidencing satisfactory background checks and drug tests for all staff identified for assignment to this project. Contractor is responsible for any costs associated with ensuring their staff meets all requirements.

The Contractor will provide, and update when changed, an organizational chart indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work.

The Contractor will provide resumes for staff, including subContractors, who will be assigned to the Contract, indicating the responsibilities and qualifications of such personnel, and stating the amount of time each will be assigned to the project. The Contractor will commit that staff identified in its proposal will actually perform the assigned work. Any staff substitution must have the prior approval of the State.

The Contractor will identify a Contract Administrator. The duties of the Contract Administrator shall include, but not be limited to: i) supporting the management of the Contract, ii) facilitating dispute resolution, and iii) advising the State of performance under the terms and conditions of the Contract. The State reserves the right to require a change in the current Contract Administrator if the assigned Contract Administrator is not, in the opinion of the State, adequately serving the needs of the State.

The Contract Administrator shall be identified as a Key Personnel subject to the State's interview and approval.

The Contractor will provide a project manager to work closely with the designated personnel from MSP to insure a smooth transition to the new system. The project manager will coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State.

The Contractor shall assign a project manager for the services. The Contractor's project manager responsibilities include, at a minimum:

- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor's subContractors, if any
- Develop the project plan and schedule, and update as needed
- Serve as the point person for all project issues
- Coordinate and oversee the day-to-day project activities of the project team
- Assess and report project feedback and status
- Escalate project issues, project risks, and other concerns
- Review all project deliverables and provide feedback
- Proactively propose/suggest options and alternatives for consideration
- Utilize change control procedures
- Prepare project documents and materials
- Manage and report on the project's budget



The Contractor will provide sufficient qualified staffing to satisfy the deliverables of this Statement of Work.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The State project team will consist of an Executive Subcommittee (ESC), Subject Matter Experts (SMEs), project support, and a project manager from MSP. MSP and MDIT are the project co-sponsors and will serve on the ESC. MDIT's project manager will assist the MSP project manager. MDIT will be responsible for the State's infrastructure and work together with the Contractor in determining system configuration and integration, as needed, with the State's information technology resources.

Members of the ESC shall include MSP CJIS, MDIT/MSP Agency Services Director, MDIT IO, MSP Project Office Director, and members of the CJIS Policy Council.

SMEs shall include MSP CJIS Office staff and MDIT/MSP Agency Services staff.

Project Support shall include MDIT IO, MSP Project Office staff, and MDIT contract personnel.

The MSP Project Manager is Mr. Jeff Stock, Buford Goff Associates, through State.

The ESC shall be available on an as needed basis. They will be solicited for a decision by the MSP project manager when there is a need to:

- Approve the project schedule
- Authorize modifications for scope, resources, and budget
- Ensure senior management commitment to the project
- Act as a final arbiter on proposed changes that significantly affect the business interests of the State
- Resolve project issues in a timely manner
- Review project plan, status, and issues
- Resolve deviations from project plan
- Utilize change control procedures

The SMEs shall provide the vision for the business design and how the application shall provide for that vision. They shall be available on an as needed basis. The SMEs shall be empowered to:

- Resolve project issues in a timely manner
- Review project plan, status, and issues
- Resolve deviations from the project plan
- Provide acceptance sign-off
- Utilize change control procedures
- Ensure timely availability of State resources
- Make key implementation decisions, as identified by the Contractor's project manager, within 48 hours of their expected decision date.

The Project Manager will provide the following services:

- Provide State facilities, as needed
- Coordinate the State resources necessary for the project
- Facilitate coordination between various external Contractors
- Facilitate communication between different State departments/divisions
- Milestone acceptance sign-off
- Resolution of project issues
- Escalation of outstanding/high priority issues to the ESC
- Utilize change control procedures
- Conducting regular and ongoing review of the project to confirm that it meets original objectives and requirements
- Documentation and archiving of all important project decisions
- Arrange, schedule and facilitate State staff attendance at all project meetings



Issues shall be escalated for resolution from level 1 through level 4, as defined below:

- Level 1 – Business leads
- Level 2 – Project Managers
- Level 3 – SMEs
- Level 4 – ESC

In addition, the following State personnel/resources may be required at stages for the project. The Contractor's Project Manager will provide the State with advance notice of when those services may be required.

- Systems Analyst
- Application Administrator
- User Implementation Coordinator
- Network Administrator
- Database Administrator
- Remote access to test database environment
- Enterprise Security

MDIT shall provide a Contract Consultant whose duties shall include but not be limited to: i) supporting the management of the Contract, ii) advising the MSP project manager of Contractor's performance under the terms and conditions of the Contract, and iii) periodic verification of pricing and monthly reports submitted by Contractor.

The Department of Management & Budget, Acquisition Services, will be the designated contract administrator.

1.203 OTHER ROLES AND RESPONSIBILITIES RESERVED

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

A. Orientation Meeting

- a. Upon five (5) calendar days from execution of the Contract, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract.
- b. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.
- c. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

B. Performance Review Meetings

- a. The State will require the Contractor to attend monthly meetings to review the Contractor's performance under the Contract.
- b. The meetings will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.
- c. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

1.302 REPORTS

Reporting formats must be submitted to the State's Program Manager for approval within ten (10) business days after the effective date of the contract. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract.

Contractor shall provide a monthly Status Report that correlates to the invoiced amount. Contractor's monthly Status Report is due to the MSP project manager on the fifth (5th) of each month. The Status Report will briefly describe the project activity during the status period, the project activity next status period, and charges. Each section will provide:

- a. overall summarization of the project progress;
- b. deliverables achieved;



- c. deliverables remaining, progress, and expected delivery on each; and
- d. issues and concerns affecting specific deliverables and the project schedule or any other aspect of the project.)

1.4 Project Management

1.401 ISSUE MANAGEMENT

An issue is an identified event that if not addressed may affect schedule, scope, quality, or budget.

The Contractor shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's Program Manager on an agreed upon schedule, with email notifications and updates. The issue log must be updated and must contain the following minimum elements:

- Description of issue
- Issue identification date
- Responsibility for resolving issue.
- Priority for issue resolution (to be mutually agreed upon by the State and the Contractor)
- Resources assigned responsibility for resolution
- Resolution date
- Resolution description

1.402 RISK MANAGEMENT

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the Contract. Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact to the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy.

The Contractor will create a risk management plan. A risk management plan format will be submitted to the State for approval within twenty (20) business days after the effective date of the contract.. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract. The plan must be monitored and updated bi-weekly, or as agreed upon. The risk management plan will be developed in accordance with the State's PMM methodology and the PMBOK® (Project Management Institute).

1.403 CHANGE MANAGEMENT

Change management is defined as the process to communicate, assess, monitor, and control all changes to system resources and processes. The State also employs change management in its administration of the Contract.

If a proposed contract change is approved by the Contract Consultant, the Contract Compliance Inspector will submit a request for change to the Department of Management and Budget, Acquisition Services Buyer, who will make recommendations to the Director of Acquisition Services regarding ultimate approval/disapproval of change request. If the DMB Acquisition Services Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Acquisition Services Buyer will issue an addendum to the Contract, via a Contract Change Notice. **Contractors who provide products or services prior to the issuance of a Contract Change Notice by the DMB Office of Acquisition Services, risk non-payment for the out-of-scope/pricing products and/or services.**

The Contractor must employ change management procedures to handle such things as "out-of-scope" requests or changing business needs of the State while the migration is underway.

The Contractor will employ the change control methodologies to justify changes in the processing environment, and to ensure those changes will not adversely affect performance or availability.

1.5 Acceptance

1.501 CRITERIA

The following criteria will be used by the State to determine Acceptance of the services and/or deliverables provided under this SOW.

The system shall not be deemed accepted by the State and no charges will be paid by the State until the standard of performance is met as defined in Section 1.104, Performance and Reliability Evaluation (PARE).

1.502 FINAL ACCEPTANCE

Final acceptance is expressly conditioned upon completion of all delivery of equipment, completion of all tasks in the project plan as approved, delivery of services, and the certification by the State that the system meets the defined requirements.

1.6 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

1. Cost Proposal

- a. Contractor must identify all information related, directly or indirectly, to the Contractor’s proposed charges for services and deliverables including, but not limited to, costs, fees, prices, rates, bonuses, discounts, rebates, or the identification of free services, labor or materials.

2. Price Protection

- a. For the entire term(s) of the Contract, the Contractor must guarantee to provide the changes/upgrades at the proposed rates. Such rates cannot increase during any term of the Contract.
- b. For the initial term of the Contract, the Contractor must guarantee to provide the implementation/tailoring services at the proposed rates. Services rates shall not be increased during the initial term of the Contract. At least ninety (90) calendar days before the end of the initial term, Contractor may propose, in writing, labor rate increases not to exceed the labor rate increases reflected in the U.S. Department of Labor Consumer Price Index for services in this region. Proposed price adjustments will be taken into consideration when determining whether to extend any Contract.
- c. For the initial term of the Contract, the Contractor must guarantee to provide the maintenance and support services at the proposed rates. Support rates shall not be increased during the initial term of the Contract. At least ninety (90) calendar days before the end of the initial term, Contractor may propose, in writing, maintenance and support renewal increases not to exceed five percent (5%) in any one year above the immediately preceding year’s fee.
- d. Price Decrease Guarantee - The Contractor, at its discretion, may elect to provide Services, including changes/upgrades and support specified in this contract at a lower price than originally quoted at any time during the term of the Contract.
- e. Costs Not Specified - Where there is no charge or rate for the Services, including changes/upgrades and support, specified enter N/C (no charge) or zero (0) on the Price List or Cost Models, as applicable. If the Contractor fails to provide a price, the State will assume the item is free. If the Contractor States “no charge” for an item in the model, the State will receive that item free for the period represented in the model.

3. Billing Methodology

- a. The Contractor will provide a single, monthly invoice. See Appendix 3 for payment per Deliverables and Pricing Chart

4. Payment

Electronic Payment Availability



Public Act 533 of 2004 requires that payments under this contract be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

1.7 Additional Terms and Conditions Specific to this SOW

1.701 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS SOW

Special Conditions Specific to this Statement of Work

1. Normal work hours will be 8 a.m. to 5 p.m. Monday through Friday.
2. The Contractor, during the performance of services detailed in this Contract, will be responsible for any loss or damage to original documents, belonging to the State that are in the Contractor's possession. Restoration of lost or damaged original documents shall be at the Contractor's expense.
3. All questions which may arise as to the quality and acceptability of work, the manner of performance and rate of progress of the work, the interpretation of designs and specifications, and as to the satisfactory and acceptable fulfillment of the terms of this agreement shall be decided by the State.
4. The Contractor shall agree that it will not volunteer, offer or sell its services to any litigant against the State with respect to any services that it has agreed to perform for the State, provided that this provision shall not apply either when the Contractor is issued a valid subpoena to testify in a judicial or administrative proceeding or when the enforcement of this provision would cause the Contractor to be in violation of any Michigan or Federal law.
5. All Documents and other materials prepared by the Contractor during the execution of this contract shall be the property of the State. This includes, but is not limited to, all new business processes created, all planning and design work performed, the source and object code of all software programs and systems, any business objects or databases created, all related documentation (written or automated), and reports. The State shall own and retain intellectual property rights covering technology developed and part of the services, described in the Contract.
6. The Contractor shall agree that they will not furnish or disclose any items owned by the State to a third party without the written permission of the State. This includes both items created as part of this contract and items owned by the State that are incidental to the contract. The Contractor shall also agree not to use items owned by the State for other purposes without the prior written permission of the State.
7. Individuals assigned by the Contractor are employees of that Contractor, and are not, under any circumstances or conditions, employees of the State.
8. The State will retain the right to release outright or request the replacement of any person who is working at an inferior level of performance. The Contractor will be given five (5) days advance notice of this action.
9. The Contractor's name, logo, or other company identifier may not appear on documentation delivered to the State without written authorization from the Contract Administrator. An exception to this will be transmittal of cover letters showing delivery of said documents.
10. All work will be performed at the designated State facility. Site visits may be required to districts/divisions, local or state agencies.
11. The Contractor will assume full responsibility for the behavior of its employees and will remove any of its employees upon request.
12. Contractors shall use all software in accordance with their license agreements and any further restrictions imposed by the State. Contractors shall not make any unauthorized copies of any software under any circumstances. Contractors found copying or knowingly using copyrighted software other than for backup purposes are subject to progressive disciplinary action. Contractors shall not provide software to any outsiders including consultants, local governmental units and others when this would be a violation of law or copyright agreements.
13. Contractors are responsible for maintaining the confidentiality of their passwords and are liable for any harm resulting from disclosing or allowing disclosure of any password. Any conduct that restricts or inhibits the legitimate business use of State systems or networks is prohibited. Each person must use State systems and networks only for lawful purposes. Specifically prohibited is any use of State systems or disclosure of any data which would constitute a criminal offense, given rise to civil liability,



violate any State of Michigan policy, or otherwise violate any applicable local, state, or federal law. This also applies to any computer system or networks that are accessed from State computer systems or networks.

14. The State has developed, and will continue to develop during the course of this effort, a growing number of information technology standards. The selected Contractor must follow any and all standards adopted by the State. Where standards do not exist, the acceptance of a new technique, technology, or design will rest with the Contractor Administrator. The Contract can recommend alternatives to the standards.
- B. The State has a goal of achieving higher participation by small, Michigan-based businesses in State-awarded contracts. Consideration may also be given to a Contractor with proactive practices for hiring and retaining underrepresented groups or who recruit to retain or increase the number of information technology professionals in Michigan.
- C. Contractors must familiarize themselves with new legislation and directives requiring that State procurements consider preferences for businesses owned by qualified disabled veterans (Public Act 91 of 2005) and for qualified Michigan-based businesses (Executive Directive 2005-6). The information is available at www.michigan.gov/doingbusiness.

Article 1, Attachment A
Pricing

[Insert Pricing Schedules]

Article 1, Attachment B
Organizational Chart, including Key Personnel

Article 1, Attachment C
Labor Rates

Article 1, Attachment D
Deliverables

Article 1, Attachment E
Project Plan

Article 1, Attachment F
Service Level Agreement

I



Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

Capitalized terms used in this Contract (including its Exhibits) shall have the meanings given below, unless the context requires otherwise:

- (a) “Days” means calendar days unless otherwise specified.
- (b) “24x7x365” means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
- (c) “Additional Service” means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. “Additional Service” does not include New Work.
- (d) “Amendment Labor Rates” means the schedule of fully-loaded hourly labor rates attached as **Article 1, Attachment C**.
- (e) “Audit Period” has the meaning given in **Section 2.111**.
- (f) “Business Day,” whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
- (g) “Incident” means any interruption in Services.
- (h) “Business Critical” means any function identified in any Statement of Work as Business Critical.
- (i) “Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work
- (j) “Key Personnel” means any Personnel designated in **Article 1, Section 1.201 and/or Attachment B**, as Key Personnel.
- (k) “New Work” means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. “New Work” does not include Additional Service.
- (l) “Services” means any function performed for the benefit of the State.
- (m) “State Location” means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
- (n) “Subcontractor” means a company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
- (o) “Work in Process” means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

2.012 Attachments and Exhibits

All Attachments and/or Exhibits attached to any, and all Statement(s) of Work, attached to, or referencing this Contract, are incorporated in their entirety into, and form part of, this Contract.

2.013 Statements of Work

(a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract, or an amendment to this Contract (see 2.106). Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.



(b) Unless otherwise agreed by the parties, each Statement of Work (as defined in Article 1) will include, or incorporate by reference to the appropriate Contract Article 1 Attachment containing, the following information:

- a description of the Services to be performed by Contractor under the Statement of Work;
- a project schedule (including the commencement and completion dates for all tasks, subtasks (for all projects of sufficient duration and complexity to warrant sub task breakdown), and Deliverables;
- a list of the Deliverables to be provided, if any, including any particular specifications and acceptance criteria for such Deliverables, and the dates on which the Deliverables are scheduled to be completed and delivered to the State;
- all Deliverable price schedules and other charges associated with the Statement of Work, the overall fixed price for such Statement of Work and any other appropriate pricing and payment terms;
- a specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;
- a listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
- any other information or provisions the parties agree to include.

(c) Reserved.

(d) The initial Statements of Work, as of the Effective Date, are attached to this Contract.

2.014 Issuing Office

This Contract is issued by the Department of Management and Budget, Office of Acquisition Services ("OAS") and **Department of Information Technology** (collectively, including all other relevant State of Michigan departments and agencies, the "State"). OAS is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. **OAS is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within the Office of Acquisition Services for this Contract is:

[Lisa Morrison](#)

Office of Acquisition Services
 Department of Management and Budget
 Mason Bldg, 2nd Floor
 PO Box 30026
 Lansing, MI 48909
 Email: morrisonl1@michigan.gov
 Phone: (517) 241-2005

2.015 Contract Compliance Inspector

Upon receipt at OAS of the properly executed Contract, it is anticipated that the Director of DMB Acquisition Services, in consultation with (insert the end using agency), will direct that the person named below, or any other person so designated, be authorized to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of such Contract as that authority is retained by the Office of Acquisition Services.** The Contract Compliance Inspector for this Contract is:

Barbara Suska
 Department of Information Technology
 525 W. Allegan Street
 Constitution Hall, Atrium-South Tower
 Lansing, MI 48913
 Email: suskab2@michigan.gov
 Phone: (517) 335-4067

2.016 Project Manager

The following individual will oversee the project:

Name: Jeff Stock
Michigan State Police

Address:

City:

State & Zip

Email

Phone:

Cell:

Fax:

Email:

2.020 Contract Objectives/Scope/Background

2.021 Background

The Michigan Department of State Police (MSP) is modernizing its current Law Enforcement Information Network (LEIN) with a project entitled the Next Generation LEIN (NGL). The operational requirements of information systems used by criminal justice personnel and first responders have increased significantly in recent years. New requirements for data sharing, evolving standards for the assimilation and distribution of criminal justice data, and increased security requirements are major drivers in the upgrade of many statewide criminal justice information systems.

2.022 Purpose

The intent of the NGL is to design, develop and rollout a new information system to manage and facilitate the entire law enforcement information exchange process between MSP, federal agencies, and other state and local government entities; integrating law enforcement and non-law enforcement entities. The vision of NGL is to support multiple source queries, the automatic push and pull of information, and support information publication and notification functionality. It will contain a web-based user interface, connectors to exchange data with the Federal Bureau of Investigation (FBI), the United States Department of Justice (USDOJ), Michigan State agencies and criminal justice entities. The system must provide reliable information delivery, ensure security of information, and log all queries and responses. It must interface with local agency gateways and databases, the Michigan Criminal Justice Information Network (MiCJIN) portal, various criminal justice applications throughout the State of Michigan, and other statewide databases as identified. It must also provide “once only” message delivery, end-to-end encryption of all network traffic, and individual user authentication.

2.023 Objectives and Scope

Please refer to the Statement of Work.

2.024 Interpretation

Sections 2.021 through 2.023 are intended to provide background and context for this Contract and are not intended to expand the scope of the obligations under this Contract or to alter the plain meaning of the terms and conditions of this Contract. However, to the extent the terms and conditions of this Contract are unclear or otherwise ambiguous, such terms and conditions are to be interpreted and construed in light of the provisions of this Section.

2.025 Form, Function and Utility

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.030 Legal Effect and Term

2.031 Legal Effect

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.032 Contract Term

This Contract is for a period of three (3) years commencing on the date that the last signature required to make the Contract enforceable is obtained. All outstanding Purchase Orders shall also expire upon the termination (cancellation for any of the reasons listed in 2.210) of the Contract, unless otherwise extended pursuant to the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.033 Renewal(s)

This Contract may be renewed in writing by mutual agreement of the parties not less than thirty (30) days before its expiration. The Contract may be renewed for up to two (2) additional one (1) year periods. Successful completion of negotiations surrounding the terms of the extension, will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel

2.041 Contractor Personnel

(a) Personnel Qualifications. All persons assigned by Contractor to the performance of Services under this Contract shall be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and shall be fully qualified to perform the work assigned to them. Contractor shall include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role shall be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

(b) Key Personnel

(i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated. **Exhibit C** provides an organization chart showing the roles of certain Key Personnel, if any.

(ii) Key Personnel shall be dedicated as defined in **Exhibit C** to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(iii) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. Additionally, the State's request shall be based on legitimate, good-faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.



(iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an unauthorized removal (“Unauthorized Removal”). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel’s employment. It shall not be considered an Unauthorized Removal if Key Personnel must be replaced because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides thirty (30) days of shadowing unless parties agree to a different time period. The Contractor with the State shall review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its rights under **Section 2.210**.

(v) It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.210**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount shall be \$25,000.00 per individual provided Contractor identifies a replacement approved by the State pursuant to **Section 2.041** and assigns the replacement to the Project to shadow the Key Personnel s/he is replacing for a period of at least thirty (30) days prior to such Key Personnel’s removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least thirty (30) days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor shall pay the amount of \$833.33 per day for each day of the thirty (30) day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide thirty (30) days of shadowing shall not exceed \$50,000.00 per individual.

(c) Re-assignment of non-Key Personnel. Prior to re-deploying to other projects, at the completion of their assigned tasks on the Project, teams of its non-Key Personnel who are performing Services on-site at State facilities or who are otherwise dedicated primarily to the Project, Contractor will give the State at least ten (10) Business Days notice of the proposed re-deployment to give the State an opportunity to object to the re-deployment if the State reasonably believes such team’s Contract responsibilities are not likely to be completed and approved by the State prior to the proposed date of re-deployment.

(d) Re-assignment of Personnel at the State’s Request. The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State’s request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State’s request shall be based on legitimate, good-faith reasons. Replacement personnel for the removed person shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State’s required removal. If any such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.



(e) Staffing Levels.

(i) All staff requirements not specified in the applicable Statement of Work or State-approved project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.

(ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.

(f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.

(g) Location. All staff assigned by Contractor to work on the Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.042 Contractor Identification

Contractor employees shall be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

2.043 Cooperation with Third Parties

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel, and, as reasonably requested by the State, to provide to the State's agents and other contractors with reasonable access to Contractor's Project personnel, systems and facilities to the extent they relate to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities and provided Contractor receives reasonable prior written notice of such request. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with such requests for access.

2.044 Subcontracting by Contractor

(a) Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.

(b) Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Management and Budget, Office of Acquisition Services has given written consent to such



delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.

(c) In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. Attached as **Exhibit E** is a list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract.

(d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any Subcontractors.

(e) The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

2.045 Contractor Responsibility for Personnel

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services.

2.050 State Standards

2.051 Existing Technology Standards

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dit/0,1607,7-139-30639_30655---.00.html.

2.052 PM Methodology Standards

The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. See the State's PMM website at <http://www.michigan.gov/projectmanagement>.

The Contractor shall use the State's PPM to manage this Contract. If the Contractor requires training on the PMM, those costs shall be the responsibility of the Contractor, unless otherwise stated.



2.053 Adherence to Portal Technology Tools

The State has adopted the following tools for its Portal Technology development efforts:

- Vignette Content Management and personalization Tool
- Inktomi Search Engine
- E-Pay Payment Processing Module
- Websphere Commerce Suite for e-Store applications

Unless otherwise stated, Contractor must use the Portal Technology Tools to implement web content management and deployment efforts. Tools used for web-based application development must work in conjunction with Vignette and Inktomi. The interaction with Vignette and Inktomi must be coordinated with DIT, Enterprise Application Services Office, e-Michigan Web Development team.

Contractors that are compelled to use alternate tools must have received an exception from DIT, Enterprise Application Services Office, e-Michigan Web Development team, before this Contract is effective.

2.054 Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--00.html>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.060 Deliverables

2.061 Ordering

(a) Any Services/Deliverables to be furnished under this Contract shall be ordered by issuance of written Purchase Orders/Blanket Purchase Order by the State after approval by the Contract Administrator or his/her designee. All orders are subject to the terms and conditions of this Contract. In the event of conflict between an order and this Contract, the Contract shall take precedence as stated in **Section 2.293**. In no event shall any additional terms and conditions contained on a Purchase Order/Blanket Purchase Order be applicable, unless specifically contained in that Purchase Order/Blanket Purchase Order's accompanying Statement of Work.

(b) DIT will continue to oversee the use of this Contract by End Users. DIT may, in writing, delegate to agencies the authority to submit requests for certain services directly to the Contractor. DIT may also designate, in writing, some services as non-delegated and require DIT review and approval before agency acquisition. DIT will use Contractor provided management reports and periodic random agency audits to monitor and administer contract usage for delegated services.

2.062 Software

Exhibit J lists the items of software the State is required to purchase for execution the Contract. The list in **Exhibit J** includes all software required to complete the Contract and make the Deliverables operable; if any additional software is required in order for the Deliverables to meet the requirements of this Contract, such software shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Statement of Work or Contract Change Notice). **Exhibit J** also identifies certain items of software to be provided by the State.

2.063 Hardware

Exhibit F lists the items of hardware the State is required to purchase for execution the Contract. The list in **Exhibit F** includes all hardware required to complete the Contract and make the Deliverables operable; if any additional hardware is required in order for the Deliverables to meet the requirements of



this Contract, such hardware shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Contract Change Notice). **Exhibit F** also identifies certain items of hardware to be provided by the State.

2.064 Equipment to be New and Prohibited Products

(a) Equipment to be New

If applicable, all equipment provided under this Contract by Contractor shall be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

(b) Prohibited Products

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change order pursuant to **Section 2.106**.

2.070 Performance

2.071 Performance, In General

The State engages Contractor to execute the Contract and perform the Services/provide the Deliverables, and Contractor undertakes to execute and complete the Contract in its entirety in accordance with the terms and conditions of this Contract and with the participation of State representatives as specified in this Contract.

2.072 Time of Performance

(a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables in accordance with the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.

(b) Without limiting the generality of **Section 2.072(a)**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and, in such event, shall inform the State of the projected actual delivery date.

(c) If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to perform its obligations in accordance with specified Contract time periods, Contractor shall notify the State in a timely manner and shall use commercially reasonable efforts to perform its obligations in accordance with such Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent such delay is caused by the State.

2.073 (Optional) Liquidated Damages

2.074 Bankruptcy

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within thirty (30) days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, the State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part,



and, at its option, may take possession of the “Work in Process” and finish such Works in Process by whatever appropriate method the State may deem expedient. Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

To secure the State’s progress payments before the delivery of any services or materials required for the execution of Contractor’s obligations hereunder, and any work which Contractor may subcontract in the support of the performance of its obligations hereunder, title shall vest in the State to the extent the State has made progress payments hereunder.

2.075 Time is of the Essence

The Contractor agrees that time is of the essence in the performance of the Contractor’s obligations under this Contract.

2.076 Service Level Agreements (SLAs)

(a) SLAs will be completed with the following operational considerations:

(i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has occurred as defined in **Section 2.202**,

(ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification and/or coordination.

(iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. In order to invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.

(iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following (“Stop-Clock Conditions”):

1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.

2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) will be defined as three (3) unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling thirty (30) day period. Chronic Failure will result in the State’s option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three (3) additional months. The termination of the Service will not affect any tiered pricing levels.

(c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two (2) weeks of outage(s) and provide a recommendation for resolution.

(d) All decimals shall be rounded to two decimal places with 5 and greater rounding up and 4 and less rounding down unless otherwise specified.

2.080 Delivery and Acceptance of Deliverables

2.081 Delivery Responsibilities

Unless otherwise specified by the State within an individual order, the following shall be applicable to all orders issued under this Contract.



- (a) Shipment responsibilities - Services performed/Deliverables provided under this Contract shall be delivered "F.O.B. Destination, within Government Premises." The Contractor shall have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates will be specified on the individual purchase order.
- (b) Delivery locations - Services will be performed/Deliverables will be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.
- (c) Damage Disputes - At the time of delivery to State Locations, the State shall examine all packages. The quantity of packages delivered shall be recorded and any obvious visible or suspected damage shall be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record such.

Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within fourteen (14) days of receipt. Any damage must be reported to the Contractor within five (5) days of inspection. If this inspection does not occur and damages not reported within thirty (30) days of receipt, the cure for such damaged deliveries shall transfer to the delivery signing party.

2.082 Delivery of Deliverables

- (a) Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.083 Testing

- (a) Prior to delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor will first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and in conformance with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.
- (b) If a Deliverable includes installation at a State Location, then Contractor shall (1) perform any applicable testing, (2) correct all material deficiencies discovered during such quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State shall be entitled to observe or otherwise participate in testing.

2.084 Approval of Deliverables, In General

- (a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications, which will include the successful completion of Testing as applicable in **Section 2.083**, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.



(b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Prior to commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor in accordance with **Section 2.083(a)**.

(d) The State will approve in writing a Deliverable/Service upon confirming that it conforms to and, performs in accordance with, its specifications without material deficiency. The State may, but shall not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.

(e) If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the Contract price for such Deliverable/Service and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses provided the State can furnish proof of such general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure such breach. Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if such process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the testing or approval process.

2.085 Process For Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.



2.086 Process for Approval of Services

The State Review Period for approval of Services is governed by the applicable Statement of Work (failing which the State Review Period, by default, shall be thirty (30) Business Days for Services). The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Services (or at the State's election, subsequent to approval of the Service). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

2.087 Process for Approval of Physical Deliverables

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (failing which the State Review Period, by default, shall be thirty (30) continuous Business Days for a Physical Deliverable). The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.088 Final Acceptance

Unless otherwise stated in the Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable shall occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.080-2.087**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

[2.080 Delivery and Acceptance of Deliverables](#)

2.081 Delivery of Deliverables

Exhibit G contains a list of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable") or a Custom Software Deliverable. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of this Contract.

Prior to delivering any Deliverable to the State, Contractor will first perform all required quality assurance activities, and, in the case of Custom Software Deliverables, System Testing to verify that the Deliverable is complete and in conformance with its specifications. Before delivering a Deliverable to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing, (4) the Deliverable is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.



In discharging its obligations under this Section, Contractor shall be at all times (except where the parties agree otherwise in writing) in compliance with Level 3 of the Software Engineering Institute's Capability Maturity Model for Software ("CMM Level 3") or its equivalent.

2.082 Contractor System Testing

Contractor will be responsible for System Testing each Custom Software Deliverable in Contractor's development environment prior to turning over the Custom Software Deliverable to the State for User Acceptance Testing and approval. Contractor's System Testing shall include the following, at a minimum, plus any other testing required by CMM Level 3 or Contractor's system development methodology:

Contractor will be responsible for performing Unit Testing and incremental Integration Testing of the components of each Custom Software Deliverable.

Contractor's System Testing will also include Integration Testing of each Custom Software Deliverable to ensure proper inter-operation with all prior software Deliverables, interfaces and other components that are intended to inter-operate with such Custom Software Deliverable, and will include Regression Testing, volume and stress testing to ensure that the Custom Software Deliverables are able to meet the State's projected growth in the number and size of transactions to be processed by the Application and number of users, as such projections are set forth in the applicable Statement of Work.

Contractor's System Testing will also include Business Function Testing and Technical Testing of each Application in a simulated production environment. Business Function Testing will include testing of full work streams that flow through the Application as the Application will be incorporated within the State's computing environment. The State shall participate in and provide support for the Business Function Testing to the extent reasonably requested by Contractor. Within ten (10) days before the commencement of Business Function Testing pursuant to this Section, Contractor shall provide the State for State review and written approval Contractor's test plan for Business Function Testing.

Within five (5) Business Days following the completion of System Testing pursuant to **Section 2.080**, Contractor shall provide to the State a testing matrix establishing that testing for each condition identified in the System Testing plans has been conducted and successfully concluded. To the extent that testing occurs on State premises, the State shall be entitled to observe or otherwise participate in testing under this Section as the State may elect.

2.083 Approval of Deliverables, In General

All Deliverables (Written Deliverables and Custom Software Deliverables) require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications which, in the case of Custom Software Deliverables, will include the successful completion of State User Acceptance Testing, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.

The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables being reviewed. If Contractor fails to provide a Deliverable to the State in a timely manner, the State will nevertheless use commercially reasonable efforts to complete its review or testing within the applicable State Review Period.

Before commencement of its review or testing of a Deliverable, the State may inspect the Deliverable to confirm that all components of the Deliverable (e.g., software, associated documentation, and other materials) have been delivered. If the State determines that the Deliverable is incomplete, the State may refuse delivery of the Deliverable without performing any further inspection or testing of the Deliverable. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable and the applicable certification by Contractor in accordance with **Section 2.080**.



The State will approve in writing a Deliverable upon confirming that it conforms to and, in the case of a Custom Software Deliverable, performs in accordance with, its specifications without material deficiency. The State may, but shall not be required to, conditionally approve in writing a Deliverable that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable that remain outstanding at the time of State approval.

If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing State approval of a Deliverable, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep this Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the contract price for such Deliverable and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses without the need to furnish proof in substantiation of such general expenses; or (iii) terminate this Contract for default, either in whole or in part by notice to Contractor (and without the need to afford Contractor any further opportunity to cure). Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

The State, at any time and in its own discretion, may halt the UAT or approval process if such process reveals deficiencies in or problems with a Deliverable in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the review or UAT process and, in that event, Contractor will correct the deficiencies in such Deliverable in accordance with the Contract, as the case may be.

Approval in writing of a Deliverable by the State shall be provisional; that is, such approval shall not preclude the State from later identifying deficiencies in, and declining to accept, a subsequent Deliverable based on or which incorporates or inter-operates with an approved Deliverable, to the extent that the results of subsequent review or testing indicate the existence of deficiencies in the subsequent Deliverable, or if the Application of which the subsequent Deliverable is a component otherwise fails to be accepted pursuant to **Section 2.080**.

2.084 Process for Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Written Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Written Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Written Deliverable (or at the State's election, subsequent to approval of the Written Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within five (5) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Written Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Written Deliverable to confirm that the identified deficiencies have been corrected.



2.085 Process for Approval of Custom Software Deliverables

The State will conduct UAT of each Custom Software Deliverable in accordance with the following procedures to determine whether it meets the criteria for State approval – i.e., whether it conforms to and performs in accordance with its specifications without material deficiencies.

Within thirty (30) days (or such other number of days as the parties may agree to in writing) prior to Contractor's delivery of any Custom Software Deliverable to the State for approval, Contractor shall provide to the State a set of proposed test plans, including test cases, scripts, data and expected outcomes, for the State's use (which the State may supplement in its own discretion) in conducting UAT of the Custom Software Deliverable. Contractor, upon request by the State, shall provide the State with reasonable assistance and support during the UAT process.

For the Custom Software Deliverables listed in **Exhibit G**, the State Review Period for conducting UAT will be as indicated in **Exhibit G**. For any other Custom Software Deliverables not listed in **Exhibit G**, the State Review Period shall be the number of days agreed in writing by the parties (failing which it shall be forty-five (45) days by default). The State Review Period for each Custom Software Deliverable will begin when Contractor has delivered the Custom Software Deliverable to the State accompanied by the certification required by **Section 2.080** and the State's inspection of the Deliverable has confirmed that all components of it have been delivered.

The State's UAT will consist of executing test scripts from the proposed testing submitted by Contractor, but may also include any additional testing deemed appropriate by the State. If the State determines during the UAT that the Custom Software Deliverable contains any deficiencies, the State will notify Contractor of the deficiency by making an entry in an incident reporting system available to both Contractor and the State. Contractor will modify promptly the Custom Software Deliverable to correct the reported deficiencies, conduct appropriate System Testing (including, where applicable, Regression Testing) to confirm the proper correction of the deficiencies and re-deliver the corrected version to the State for re-testing in UAT. Contractor will coordinate the re-delivery of corrected versions of Custom Software Deliverables with the State so as not to disrupt the State's UAT process. The State will promptly re-test the corrected version of the Software Deliverable after receiving it from Contractor.

Within three (3) business days after the end of the State Review Period, the State will give Contractor a written notice indicating the State's approval or rejection of the Custom Software Deliverable according to the criteria and process set out in this **Section 2.080**.

2.086 Final Acceptance

"Final Acceptance" shall be considered to occur when the Custom Software Deliverable to be delivered has been approved by the State and has been operating in production without any material deficiency for fourteen (14) consecutive days. If the State elects to defer putting a Custom Software Deliverable into live production for its own reasons, not based on concerns about outstanding material deficiencies in the Deliverable, the State shall nevertheless grant Final Acceptance of the Project.

2.090 Financial

2.091 Pricing

(a) Fixed Prices for Services/Deliverables

Each Statement of Work/PO issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the Amendment Labor Rates (**Article 1, Attachment C**). The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.



(b) Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope, using the rates in **Article 1, Attachment** Unless specifically identified in an applicable Statement of Work.

(c) Services/Deliverables Covered

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract, the State shall not be obligated to pay any amounts in addition to the charges specified in this Contract.

(d) Labor Rates

All time and material charges will be at the rates specified in **Article 1, Attachment C**.

2.092 Invoicing and Payment Procedures and Terms

(a) Invoicing and Payment – In General

(i) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.

(ii) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed, at the applicable Labor Rates specified in **Article 1, Attachment C**. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 2.094**.

(iii) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within forty-five (45) days after receipt, provided the State determines that the invoice was properly rendered.

(b) Taxes (See Section 2.305 and Article 3, Section 3.022-3.024 for additional)

The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.

(c) Out-of-Pocket Expenses

Contractor acknowledges that the out-of-pocket expenses that Contractor expects to incur in performing the Services/ providing the Deliverables (such as, but not limited to, travel and lodging, document reproduction and shipping, and long distance telephone) are included in Contractor's fixed price for each Statement of Work. Accordingly, Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates. See http://www.mi.gov/dmb/0,1607,7-150-9141_13132---.00.html for current rates.

(d) Pro-ration

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services shall be pro-rated for any partial month.



(e) Antitrust Assignment

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

(f) Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.093 State Funding Obligation

The State's obligation under this Contract is payable only and solely from funds appropriated for the purpose of this Contract. Contractor acknowledges and agrees that all funds for payments after the end of the current fiscal year are subject to the availability of a legislative appropriation for the purpose of this Contract. Events of non-appropriation are addressed further in **Section 2.210** of this Contract.

2.094 Holdback

The State shall have the right to hold back, as a retainage, an amount equal to **ten** percent (**10%**) of all amounts invoiced by Contractor for Services/Deliverables. The amounts held back shall be released to Contractor after the State has granted Final Acceptance.

2.095 Electronic Payment Availability

Electronic transfer of funds is available to State contractors. Contractor is required to register with the State electronically at <http://www.cpexpress.state.mi.us>. Public Act 533 of 2004, requires all payments be transitioned over to EFT by October, 2005.

2.100 Contract Management

2.101 Contract Management Responsibility

(a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with **Article 1, Attachment E** (Project Plan) is likely to delay the timely achievement of any Contract tasks.

(b) The Services/Deliverables will be provided by the Contractor either directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor will act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.102 Problem and Contract Management Procedures

Problem Management and Contract Management procedures will be governed by the Contract and the applicable Statements of Work.



2.103 Reports and Meetings

(a) Reports.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of periodic reports to be issued by Contractor to the State. Such reports may include:

- (i) separately address Contractor's performance in each area of the Services;
- (ii) for each area of the Services, assess the degree to which Contractor has attained or failed to attain the pertinent objectives in that area, including on-time completion and delivery of Deliverables;
- (iii) explain the reasons for any failure to achieve on-time completion and delivery of Deliverables and include a plan for corrective action where appropriate;
- (iv) describe any circumstances that Contractor anticipates will impair or prevent on-time completion and delivery of Deliverables in upcoming reporting periods;
- (v) include plans for corrective action or risk mitigation where appropriate and describe the status of ongoing problem resolution efforts;
- (vi) provide reports setting forth a comparison of actual hours spent by Contractor (including its augmented personnel and Subcontractors) in performing the Project versus hours budgeted by Contractor.
- (vii) set forth a record of the material personnel changes that pertain to the Services and describe planned changes during the upcoming month that may affect the Services.
- (viii) include such documentation and other information may be mutually agreed to verify compliance with, and meeting the objectives of, this Contract.
- (ix) set forth an updated schedule that provides information on the status of upcoming Deliverables, expected dates of delivery (or redelivery) of such Deliverables and estimates on timing for completion of the Project.

(b) Meetings.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of meetings to be held between representatives of the State and Contractor. Contractor shall prepare and circulate an agenda sufficiently in advance of each such meeting to give participants an opportunity to prepare for the meeting. Contractor shall incorporate into such agenda items that the State desires to discuss. At the State's request, Contractor shall prepare and circulate minutes promptly after a meeting.

2.104 System Changes

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the State. Any changes Contractor makes to State systems with the State's approval shall be done in accordance with applicable State procedures, including security, access and configuration management procedures.

2.105 Reserved

2.106 Change Requests

The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the State requests or directs the Contractor to perform any Services/Deliverables that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to notify the State before commencing



performance of the requested activities, any such activities performed before notice is given by the Contractor shall be conclusively considered to be in-scope Services/Deliverables, not New Work.

If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such services or providing such deliverables, the Contractor shall notify the State in writing that it considers the services or deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable. If the Contractor does so notify the State, then such a service or deliverable shall be governed by the Change Request procedure in this Section.

In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.

(a) Change Requests

(i) State Requests

If the State should require Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").

(ii) Contractor Recommendations

Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.

(iii) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal will include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

(iv) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice shall be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").

(v) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Management and Budget, Office of Acquisition Services.

(vi) If the State requests or directs Contractor to perform any activities that Contractor believes constitute a Change, Contractor must notify the State that it believes the requested activities are a Change prior to commencing the performance of the requested activities. If Contractor fails to so notify the State prior to commencing performance of the requested activities, such activities shall be considered to be performed gratuitously by Contractor, and Contractor shall not have any right thereafter to assert any claim for additional compensation or time for the performance of such activities. If Contractor commences performance of gratuitous services outside the scope of this Contract and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.



2.107 Management Tools

Contractor will use an automated tool for planning, monitoring and tracking the Contract's progress. In addition, Contractor shall use automated project management tools as reasonably necessary to perform the Services, which tools shall include the capability to produce through the end of the Contract: (i) staffing tables with names of personnel assigned to Contract tasks, (ii) project plans showing tasks, subtasks, Deliverables and the resources required and allocated to each (including detailed plans for all Services to be performed within the next sixty (60) days, updated semi-monthly) and (iii) graphs showing critical events, dependencies and decision points during the course of the Contract. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State's standard to the extent such information is described with reasonable detail in the Statements of Work and to the extent the related work is of sufficient project complexity and duration to warrant such reporting.

2.110 Records and Inspections

2.111a Records and Inspections

(a) Examination of Records. Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

(b) Retention of Records. Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

(c) Audit Resolution. If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within thirty (30) days from receipt of such report, unless a shorter response time is specified in such report. The Contractor and the State shall develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in such audit report.

2.111b Records and Inspections

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location(s) to determine if the Contractor is complying with the requirements of the Contract. The Contractor agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

2.112 Errors

(a) If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until



the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.

(b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten percent (10%), then the Contractor shall pay all of the reasonable costs of the audit.

2.120 State Responsibilities

2.121 State Performance Obligations

(a) Equipment and Other Resources. To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.

(b) Facilities. The State shall designate space as long as it is available and as provided in the Statement of Work, to house Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing shall observe and comply with all rules and regulations relating to, each of the State Facilities (including hours of operation) used by Contractor in the course of providing the Services. Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for Contractor's use, or to which Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

(c) Return. Contractor shall be responsible for returning to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

(d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security

2.131 Background Checks

The Contractor shall authorize the investigation of its personnel proposed to have access to State facilities and systems on a case by case basis. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. Such investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective



employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.140 Reserved

2.150 Confidentiality

2.151 Freedom of Information

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.152 Confidentiality

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor shall mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary or with a similar designation. "Confidential Information" of the State shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

2.153 Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access in order to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect such Confidential Information from unauthorized use or disclosure.

2.154 Exclusions

Notwithstanding the foregoing, the provisions of this Section will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the



furnishing party. Further, the provisions of this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose such Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of such disclosure as reasonably requested by the furnishing party.

2.155 No Implied Rights

Nothing contained in this Section shall be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.156 Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

2.157 Security Breach Notification

In the event of a breach of this Section, Contractor shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor shall report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within ten (10) days of becoming aware of such use or disclosure or such shorter time period as is reasonable under the circumstances.

2.158 Survival

The parties' respective obligations under this Section shall survive the termination or expiration of this Contract for any reason.

2.159 Destruction of Confidential Information

Promptly upon termination or cancellation of the Contract for any reason, Contractor shall certify to the State that Contractor has destroyed all State Confidential Information.

2.160 Proprietary Rights

2.161a Ownership [Use this option if the State intends to own the Software at the end of the Contract. This is the preferred option for the State.]

Ownership of Work Product by State. All Deliverables shall be owned by the State and shall be considered works made for hire by the Contractor for the State. The State shall own all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

Vesting of Rights. With the sole exception of any preexisting licensed works identified in **Exhibit J**, the Contractor shall assign, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any such Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon State's request, the Contractor and/or its personnel shall confirm such assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State shall have the right to obtain and hold in its own name



all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.161b Cross-License RESERVED

2.161c License

Contractor grants to the State a non-exclusive, royalty-free, site-wide, irrevocable, transferable license to use the Software and related documentation according to the terms and conditions of this Contract. For the purposes of this license, "site-wide" includes any State of Michigan office regardless of its physical location.

The State may modify the Software and may combine such with other programs or materials to form a derivative work. The State will own and hold all copyright, trademark, patent and other intellectual property rights in any derivative work, excluding any rights or interest in Software other than those granted in this Contract.

The State may copy each item of Software to multiple hard drives or networks unless otherwise agreed by the parties.

The State will make and maintain no more than one archival copy of each item of Software, and each copy will contain all legends and notices and will be subject to the same conditions and restrictions as the original. The State may also make copies of the Software in the course of routine backups of hard drive(s) for the purpose of recovery of hard drive contents.

In the event that the Contractor shall, for any reason, cease to conduct business, or cease to support the Software, the State shall have the right to convert these licenses into perpetual licenses, with rights of quiet enjoyment, but subject to payment obligations not to exceed the then current rates.

2.162 Source Code Escrow

(a) Definition. "Source Code Escrow Package" shall mean:

- (i) A complete copy in machine-readable form of the source code and executable code of the Licensed Software, including any updates or new releases of the product;
- (ii) A complete copy of any existing design documentation and user documentation, including any updates or revisions; and/or
- (iii) Complete instructions for compiling and linking every part of the source code into executable code for purposes of enabling verification of the completeness of the source code as provided below. Such instructions shall include precise identification of all compilers, library packages, and linkers used to generate executable code.

(b) Delivery of Source Code into Escrow. Contractor shall deliver a Source Code Escrow Package to the Escrow Agent, pursuant to the Escrow Contract, which shall be entered into on commercially reasonable terms subject to the provisions of this Contract within thirty (30) days of the execution of this Contract.

(c) Delivery of New Source Code into Escrow. If at anytime during the term of this Contract, the Contractor provides a maintenance release or upgrade version of the Licensed Software, Contractor shall within ten (10) days deposit with the Escrow Agent, in accordance with the Escrow Contract, a Source Code Escrow Package for the maintenance release or upgrade version, and provide the State with notice of the delivery.

(d) Verification. The State reserves the right at any time, but not more than once a year, either itself or through a third party contractor, upon thirty (30) days written notice, to seek verification of the Source Code Escrow Package.

(e) Escrow Fees. All fees and expenses charged by the Escrow Agent will be paid by the Contractor.



- (f) Release Events. The Source Code Escrow Package may be released from escrow to the State, temporarily or permanently, upon the occurrence of one or more of the following:
- (i) The Contractor becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under bankruptcy or insolvency law, whether domestic or foreign;
 - (ii) The Contractor has wound up or liquidated its business voluntarily or otherwise and the State has reason to believe that such events will cause the Contractor to fail to meet its warranties and maintenance obligations in the foreseeable future;
 - (iii) The Contractor voluntarily or otherwise discontinues support of the provided products or fails to support the products in accordance with its maintenance obligations and warranties.
- (g) Release Event Procedures. If the State desires to obtain the Source Code Escrow Package from the Escrow Agent upon the occurrence of an Event in **Section 2.162(f)**, then:
- (i) The State shall comply with all procedures in the Escrow Contract;
 - (ii) The State shall maintain all materials and information comprising the Source Code Escrow Package in confidence in accordance with this Contract;
 - (iii) If the release is a temporary one, then the State shall promptly return all released materials to Contractor when the circumstances leading to the release are no longer in effect.
- (h) License. Upon release from the Escrow Agent pursuant to an event described in **Section 2.162(f)**, the Contractor automatically grants the State a non-exclusive, irrevocable license to use, reproduce, modify, maintain, support, update, have made, and create Derivative Works. Further, the State shall have the right to use the Source Code Escrow Package in order to maintain and support the Licensed Software so that it can be used by the State as set forth in this Contract.
- (i) Derivative Works. Any Derivative Works to the source code released from escrow which are made by or on behalf of the State shall be the sole property of the State. The State acknowledges that its ownership rights are limited solely to the Derivative Works and do not include any ownership rights in the underlying source code.

2.163 Rights in Data

(a) The State will be and remain the owner of all data made available by the State to Contractor or its agents, Subcontractors or representatives pursuant to the Contract. Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of Contractor, nor will any employee of Contractor other than those on a strictly need to know basis have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, Contractor shall only use personally identifiable information as strictly necessary to provide the Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information.

(b) The State is and shall remain the owner of all State-specific data pursuant to the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State shall only use personally identifiable information as strictly necessary to utilize the Services and shall disclose such information only to its employees who have a strict need to know such information, except as provided by law. The State shall comply at all times with all laws and regulations applicable to



such personally identifiable information. Other material developed and provided to the State shall remain the State's sole and exclusive property.

2.164 Ownership of Materials

State and Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

2.165 Standard Software

If applicable and necessary, all Standard Software used in performing the Services shall be provided to the State under a separate license agreement between the State and the owner (or authorized licensor) of such software. Standard Software to be licensed to the State is listed in **Exhibit J**.

2.166 Pre-existing Materials for Custom Software Deliverables

Neither Contractor nor any of its Subcontractors shall incorporate any preexisting materials (including Standard Software) into Custom Software Deliverables or use any pre-existing materials to produce Custom Software Deliverables if such pre-existing materials will be needed by the State in order to use the Custom Software Deliverables unless (i) such pre-existing materials and their owners are identified to the State in writing and (ii) such pre-existing materials are either readily commercially available products for which Contractor or its Subcontractor, as the case may be, has obtained a license (in form and substance approved by the State) in the name of the State, or are materials that Contractor or its Subcontractor, as the case may be, has the right to license to the State and has licensed to the State on terms and conditions approved by the State prior to using such pre-existing materials to perform the Services.

2.167 General Skills

Notwithstanding anything to the contrary in this Section, each party, its Subcontractors and their personnel shall be free to use and employ its and their general skills, know-how and expertise, and to use, disclose and employ any generalized ideas, concepts, know-how, methods, techniques or skills gained or learned during the course of performing the Services, so long as it or they acquire and apply the foregoing without disclosure of any confidential or proprietary information of the other party.

2.170 Warranties And Representations

2.171 Warranties and Representations

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and shall fulfill all of its obligations under this Contract. The performance of all obligations under this Contract shall be provided in a timely, professional, and workman-like manner and shall meet the performance and operational standards required under this Contract.

(b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.



- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor shall not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or such Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.
- (m) All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, it true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.
- (n) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or such department within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of such contract.

2.172 Software Warranties

- (a) Performance Warranty



The Contractor represents and warrants that Deliverables, after Final Acceptance, will perform and operate in compliance with the requirements and other standards of performance contained in this Contract (including all descriptions, specifications and drawings made a part of the Contract) for a period of ninety (90) days. In the event of a breach of this warranty, Contractor will promptly correct the affected Deliverable(s) at no charge to the State.

(b) No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of licensed Software provided to the State contains or will contain any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the “No Surreptitious Code Warranty.”

As used in this Contract, “Self-Help Code” means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee’s computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

As used in this Contract, “Unauthorized Code” means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code. Unauthorized Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee’s computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State.

(c) Calendar Warranty

The Contractor represents and warrants that all software for which the Contractor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure calendar year rollover compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

(d) Third-party Software Warranty

The Contractor represents and warrants that it will disclose the use or incorporation of any third-party software into the Deliverables. At the time of Delivery, the Contractor shall provide in writing the name and use of any Third-party Software, including information regarding the Contractor’s authorization to include and utilize such software. The notice shall include a copy of any ownership agreement or license that authorizes the Contractor to use the Third-party Software.



2.173 Equipment Warranty

To the extent Contractor is responsible under this Contract for maintaining equipment/system(s), Contractor represents and warrants that it will maintain such equipment/system(s) in good operating condition and will undertake all repairs and preventive maintenance in accordance with the applicable manufacturer's recommendations for the period specified in this Contract.

The Contractor represents and warrants that the equipment/system(s) shall be in good operating condition and shall operate and perform to the requirements and other standards of performance contained in this Contract, when installed, at the time of Final Acceptance by the State, and for a period of **one (1) year** commencing upon the first day following Final Acceptance.

Within **one** business days of notification from the State, the Contractor shall adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor shall assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

The Contractor shall provide a toll-free telephone number to allow the State to report equipment failures and problems to be remedied by the Contractor.

The Contractor agrees that all warranty service it provides under this Contract shall be performed by original equipment manufacturer (OEM) trained, certified and authorized technicians.

The Contractor shall act as the sole point of contact for warranty service. The Contractor warrants that it shall pass through to the State any and all warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

2.174 Physical Media Warranty

(a) Contractor represents and warrants that each licensed copy of the Software provided by the Contractor is free from physical defects in the media that tangibly embodies the copy. This warranty does not apply to defects discovered more than thirty (30) days after that date of Final Acceptance of the Software by the State. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State shall be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

2.175a DISCLAIMER

THE FOREGOING EXPRESS WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES AND EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.175b Standard Warranties

(a) Warranty of Merchantability

Deliverables shall be merchantable. All Deliverables shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the Contractor on the container or label.

(b) Warranty of fitness for a particular purpose

When Contractor has reason to know or knows any particular purpose for which the Deliverables are required, and when the State is relying on the Contractor's skill or judgment to select or furnish suitable Deliverables, the Contractor warrants that the Deliverables are fit for such purpose.

(c) Warranty of title

Contractor shall convey good title in those Deliverables, whose transfer is right and lawful. All Deliverables provided by Contractor shall be delivered free from any security interest, lien, or



encumbrance. Deliverables shall be delivered free of any rightful claim of any third person of ownership, interest, lien or encumbrance.

2.176 Consequences For Breach

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, such breach may be considered as a default in the performance of a material obligation of this Contract.

2.180 Insurance

2.181 Liability Insurance

(a) Liability Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor’s performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract.

All insurance coverages provided relative to this Contract/Purchase Order are PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance shall be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract shall be issued by companies that have been approved to do business in the State.

See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor’s policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.

Before the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage (“Certificates”). The Certificate must be on the standard “accord” form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State’s sole option, result in this Contract’s termination.

The Contractor is required to pay for and provide the type and amount of insurance checked below:

- 1. Commercial General Liability with the following minimum coverage:

- \$2,000,000 General Aggregate Limit other than Products/Completed Operations
- \$2,000,000 Products/Completed Operations Aggregate Limit
- \$1,000,000 Personal & Advertising Injury Limit
- \$1,000,000 Each Occurrence Limit
- \$500,000 Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

3. Workers' compensation coverage must be provided in accordance with applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

4. Employers liability insurance with the following minimum limits:

- \$100,000 each accident
- \$100,000 each employee by disease
- \$500,000 aggregate disease

5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).

6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.

8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of such office space, including without limitation, those contents used by Contractor to provide



the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State shall be endorsed on the policy as a loss payee as its interests appear.

(b) Subcontractors

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) shall fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

(c) Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

2.190 Indemnification

2.191 Indemnification

(a) General Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors, or by anyone else for whose acts any of them may be liable.

(b) Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.



(c) Employee Indemnification

In any and all claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

(d) Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor shall have no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; or (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

2.192 Continuation of Indemnification Obligations

The Contractor's duty to indemnify pursuant to this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred prior to expiration or cancellation.

2.193 Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

(a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at



Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

(c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or \$200,000 (for low risk contracts – Select a higher amount for moderate to high risk contracts) which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor shall be limited to the value of the Contract.

Neither the Contractor nor the State shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

2.202 Excusable Failure

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent such default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or



failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its Subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay and provided further that such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay Contractor's performance of the Services/provision of Deliverables for more than ten (10) Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State shall not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance shall continue; (b) the State may terminate any portion of the Contract so affected and the charges payable there under shall be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to Contractor, except to the extent that the State shall pay for Services/Deliverables provided through the date of termination.

Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.203 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under this Contract will provide the State with priority service for repair and work around in the event of a natural or manmade disaster.

2.210 Termination/Cancellation by the State

The State may terminate this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents and employees for any of the following reasons:

2.211 Termination for Cause

(a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State (such time period not to be less than thirty (30) days), or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage



or destruction of any real or tangible personal property, the State may, having provided written notice of termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.

(b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs are not in excess of fifty percent (50%) more than the prices for such Service/Deliverables provided under this Contract.

(c) In the event the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State shall pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.

(d) In the event this Contract is terminated for cause pursuant to this Section, and it is determined, for any reason, that Contractor was not in breach of contract pursuant to the provisions of this section, that termination for cause shall be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in this Contract for a termination for convenience.

2.212 Termination for Convenience

The State may terminate this Contract for its convenience, in whole or part, if the State determines that such a termination is in the State's best interest. Reasons for such termination shall be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least thirty (30) days prior to the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.

2.213 Non-Appropriation

(a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State shall have the right to terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State shall give Contractor at least thirty (30) days advance written notice of termination for non-appropriation or unavailability (or such time as is available if the State receives notice of the final decision less than thirty (30) days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise made available, the State may, upon thirty (30) days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in such manner and for such periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of such reduction.



(c) In the event the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor pursuant to this Section, the State shall pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. For the avoidance of doubt, this Section will not preclude Contractor from reducing or stopping Services/Deliverables and/or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.214 Criminal Conviction

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense incident to the application for, or performance of, a State, public or private Contract or subcontract; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor's business integrity.

2.215 Approvals Rescinded

The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.216 Rights and Obligations Upon Termination

(a) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in Deliverables that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(c) Upon a good faith termination, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.



2.217 Reservation of Rights

Any termination of this Contract or any Statement of Work issued under it by a party shall be with full reservation of, and without prejudice to, any rights or remedies otherwise available to such party with respect to any claims arising prior to or as a result of such termination.

2.218 Contractor Transition Responsibilities

In the event this contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of this Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed **ninety (90)** days. These efforts shall include, but are not limited to, the following:

(a) Personnel - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.

(b) Information - The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

(d) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This shall include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

(e) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates specified by **Exhibit D**. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.219 State Transition Responsibilities

In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

2.220 Termination by Contractor

2.221 Termination by Contractor



If the State materially breaches its obligation to pay Contractor undisputed amounts due and owing under this Contract in accordance with **Section 2.090**, or if the State breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for Contractor to perform the Services, and if the State does not cure the breach within the time period specified in a written notice of breach provided to the State by Contractor (such time period not to be less than thirty (30) days), then Contractor may terminate this Contract, in whole or in part based on Statement of Work for cause, as of the date specified in the notice of termination; provided, however, that Contractor must discharge its obligations under **Section 2.250** before any such termination.

2.230 Stop Work

2.231 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to ninety (90) calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within thirty (30) calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.106**.

2.233 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.230**.

2.240 Reserved

2.250 Dispute Resolution

2.251 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work shall be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor shall submit a letter executed by Contractor's Contract Administrator or his designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled



from the occurrence of the claimed event, and (c) the supporting data provided with such an affidavit are current and complete to Contractor's best knowledge and belief.

2.252 Informal Dispute Resolution

(a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Acquisition Services, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings, as follows:

(i) The representatives of Contractor and the State shall meet as often as the parties reasonably deem necessary in order to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

(ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.

(iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

(iv) Following the completion of this process within sixty (60) calendar days, the Director of Acquisition Services, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within thirty (30) calendar days. The opinion regarding the dispute shall be considered the State's final action and the exhaustion of administrative remedies.

(b) This **Section 2.250** will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or pursuant to **Section 2.253**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work pursuant to the Contract.

2.253 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.252** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is such that the damages to such party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.254 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment shall not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.210** and **2.220**, as the case may be.

2.260 Federal and State Contract Requirements

2.261 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as



specified here, binding upon each Subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and any breach of this provision may be regarded as a material breach of the Contract.

2.262 Unfair Labor Practices

Pursuant to 1980 PA 278, MCL 423.231, *et seq.*, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.263 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor shall comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.270 Litigation

2.271 Disclosure of Litigation

(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions thereto, to which Contractor (or, to the extent Contractor is aware, any Subcontractor hereunder) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor hereunder; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor hereunder by a governmental or public entity arising out of their business dealings with governmental or public entities. Any such litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") must be disclosed in a written statement to the Contract Administrator within thirty (30) days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated as such. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

(b) Assurances. In the event that any such Proceeding disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

- (i) the ability of Contractor (or a Subcontractor hereunder) to continue to perform this Contract in accordance with its terms and conditions, or
- (ii) whether Contractor (or a Subcontractor hereunder) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in such Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that:

(A) Contractor and/or its Subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and



(B) Contractor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.

(c) Contractor shall make the following notifications in writing:

- (1) Within thirty (30) days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor shall notify the Office of Acquisition Services.
- (2) Contractor shall also notify the Office of Acquisition Services within thirty (30) days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
- (3) Contractor shall also notify Acquisition Services within thirty (30) days whenever changes to company affiliations occur.

2.272 Governing Law

The Contract shall in all respects be governed by, and construed in accordance with, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.273 Compliance with Laws

Contractor shall comply with all applicable state, federal, and local laws and ordinances ("Applicable Laws") in providing the Services/Deliverables.

2.274 Jurisdiction

Any dispute arising from the Contract shall be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to such jurisdiction on the grounds of lack of personal jurisdiction of such court or the laying of venue of such court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.280 Environmental Provision

2.281 Environmental Provision

For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, such construction materials as paint thinners, solvents, gasoline, oil, etc., and any other material the manufacture, use, treatment, storage, transportation or disposal of which is regulated by the federal, state or local laws governing the protection of the public health, natural resources or the environment. This includes, but is not limited to, materials such as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act. This Contract does not cover the handling, removal, or disposal of all Hazardous Materials.

(a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material in accordance with all federal, State and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Prior to the commencement of Work, the State shall advise Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of such Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, give written notice to the State of the conditions encountered, and take appropriate health and safety precautions.



(b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the affected Work shall be resumed as directed in writing by the State. Any determination by the Michigan Department of Community Health and/or the Michigan Department of Environmental Quality (whichever is applicable) that the Hazardous Material has either been removed or rendered harmless shall be binding upon the State and Contractor for the purposes of resuming the Work. If any such incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time as mutually agreed by the parties.

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material in accordance with Applicable Laws to the condition approved by applicable regulatory agency(ies). If the Contractor fails to take appropriate action pursuant to Applicable Laws and consistent with the State requirements, then the State may take appropriate action.

2.290 General

2.291 Amendments

The Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties.

2.292 Assignment

(a) Neither party shall have the right to assign the Contract, or to assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as such affiliate is adequately capitalized and can provide adequate assurances that such affiliate can perform the Contract. Any purported assignment in violation of this Section shall be null and void. It is the policy of the State of Michigan to withhold consent from proposed assignments, subcontracts, or novations when such transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. In the event of any such permitted assignment, Contractor shall not be relieved of its responsibility to perform any duty imposed upon it herein, and the requirement under the Contract that all payments shall be made to one entity shall continue.

2.293 Entire Contract; Order of Precedence

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.



(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of **Sections 2.110 through 2.220** of the Contract, which may be modified or amended only by a formal Contract amendment.

2.294 Headings

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.

2.295 Relationship of the Parties (Independent Contractor Relationship)

The relationship between the State and Contractor is that of client and independent Contractor. No agent, employee, or servant of Contractor or any of its Subcontractors shall be or shall be deemed to be an employee, agent or servant of the State for any reason. Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.296 Notices

(a) Any notice given to a party under the Contract shall be deemed effective, if addressed to such party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State: Lisa Morrison
 State of Michigan
 Office of Acquisition Services
 Attention:
 PO Box 30026
 530 West Allegan
 Lansing, Michigan 48909

Contractor(s):
 Name Lorne Sawatzky
 Address 6416 South Cass Avenue
 Westmont, IL 60559

Either party may change its address where notices are to be sent by giving notice in accordance with this Section.

(b) Binding Commitments

Representatives of Contractor identified in **Exhibit I** shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution

(a) Media Releases

Neither Contractor nor the State will make any news releases, public announcements or public disclosures, nor will they have any conversations with representatives of the news media, pertaining to the Contract, the Services or the Contract without the prior written approval of the other party, and then



only in accordance with explicit written instructions provided by that party. In addition, neither Contractor nor the State will use the name, trademarks or other proprietary identifying symbol of the other party or its affiliates without such party's prior written consent. Prior written consent of the Contractor must be obtained from authorized representatives.

(b) Contract Distribution

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

2.298 Reformation and Severability

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

2.299 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, such consent or approval shall be in writing and shall not be unreasonably withheld or delayed.

2.300 No Waiver of Default

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

2.301 Survival

Any provisions of the Contract that impose continuing obligations on the parties including the parties' respective warranty, indemnity and confidentiality obligations, shall survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.302 Covenant of Good Faith

Each party agrees that, in its dealings with the other party or in connection with the Contract, it shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties will not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.303 Permits

Contractor shall obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State shall pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.304 Website Incorporation

State expressly states that it will not be bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.305 Taxes

Vendors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes defined in Section 3.022 for all persons involved in the resulting Contract.



The State may refuse to award a contract to any Vendor who has failed to pay any applicable State taxes. The State may refuse to accept Vendor's bid, if Vendor has any outstanding debt with the State. Prior to any award, the State will verify whether Vendor has any outstanding debt with the State.

2.306 Prevailing Wage

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Labor and Economic Development, Wage and Hour Bureau, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Labor and Economic Development, the office responsible for enforcement of the wage rates and fringe benefits. You shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

2.307 Call Center Disclosure

Contractor and/or all subcontractors involved in the performance of this Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this Contract.

2.308 Future Bidding Preclusion

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a leading edge on the competitive RFP.

2.310 Reserved

2.320 Extended Purchasing

2.321 MiDEAL

Public Act 431 of 1984 permits DMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at:

<http://www.michigan.gov/doingbusiness/0,1607,7-146-6586-16656--,00.html>. Unless otherwise stated, it is the responsibility of the Contractor to ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.



The Contractor will supply Contract Services and equipment at the established State of Michigan contract prices and terms to the extent applicable and where available. Inasmuch as these are non-state agencies, all invoices will be submitted to and payment remitted by the local unit of government on a direct and individual basis.

To the extent that authorized local units of government purchase quantities of Services and/or equipment under this Contract, the quantities of Services and/or equipment purchased will be included in determining the appropriate rate wherever tiered pricing based on quantity is provided.

2.322 State Employee Purchases RESERVED

2.330 Federal Grant Requirements

2.331 Federal Grant Requirements

The following links contain certifications and terms which may be required for some purchases paid via Federal funds. They are included here to be utilized as required.

Lobbying Certifications are usually for agreements over \$100,000. The debarment certification is required for all agreements. The last link is where you can go and search for debarred or suspended contractors.

http://straylight.law.cornell.edu/uscode/html/uscode31/usc_sec_31_00001352----000-.html

http://www.archives.gov/federal_register/codification/executive_order/12549.html

http://www.archives.gov/federal_register/executive_orders/pdf/12869.pdf

<http://www.epls.gov/epls/servlet/EPLSearchMain/1>



Article 3 – Certifications and Representations

Vendor must complete this section and submit with their bid or proposal. Failure or refusal to submit any of the information requested in this section may result in the Vendor being considered non-responsive and therefore ineligible for award consideration. The State may also pursue debarment of a Vendor that fails or refuses to submit any of the requested information. Unless otherwise stated, information in Article 3 will not be used in evaluating Vendor’s response.

If Vendor has previously submitted information in response to this Article within the last year as the Contractor for a signed Contract with the State (check the appropriate block):

() Submitted to State on _____, which is incorporated by reference, and are current, accurate, and complete as of the date of the Vendor’s bid response, except as follows (insert “none” if not applicable):

() Enclosed is annual certifications and representations

3.010 Introduction

3.011 Bidder Identification

Vendor Name: _____

() Federal ID Number: _____ (TIN or social security number)

() DUNS Number: _____

Vendor is not required to have a DUNS number, but if Vendor does have one it must be listed.

3.012 Changes to Information

If any of the certifications, representations, or disclosures indicated in this document change during consideration of the Vendor’s responses or after awarding of a contract, the Vendor is required to report those changes immediately to the Department of Management and Budget, Acquisition Services.

_____ (Initial)

3.013 False Information

If it is determined that a Vendor purposely or willfully submitted false information, the Vendor will not be considered for award, the State will pursue debarment of the Vendor, and any resulting Contract that may have been established will be terminated. If the State finds that grounds to debar exist, it shall send notice to the Vendor of proposed debarment indicating the grounds for proposed debarment and the procedures for requesting a hearing. If the Vendor does not respond with a written request for a hearing within twenty (20) calendar days, the State shall issue the decision to debar without a hearing. The debarment period may be of any length up to eight (8) years. After the debarment period expires, the Vendor may reapply for inclusion on Vendor lists through the regular application process. Authority given by Executive Order 2003-1.

Vendor may review the State’s debarment policy at: www.michigan.gov/doingbusiness (click on the link to Debarment Policy)

_____ (Initial)



3.020 Representations

3.021 Reserved

3.022 Use Tax (See Article 2, Section 2.092)

Vendors (and their affiliated organizations, including subcontractors) that are awarded contracts are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. This is required of all companies that are awarded contracts. Those companies that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining “two or more trades or businesses under common control” the term “organization” means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

Vendors and their affiliates as defined in the paragraph above must register for and remit sales and use tax on all taxable sales of tangible personal property or services delivered into the State.

_____ (Initial)

3.023 Tax Excluded from Price (See Article 2, Section 2.092)

(a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

(b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State’s exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Vendor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State’s Tax Exempt Certification is available for Vendor viewing upon request to the Contract Administrator.

_____ (Initial)

3.024 Tax Payment (See Article 2, Section 2.092)

Vendors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes defined in Section 3.022 for all persons involved in the resulting Contract.

The State may refuse to award a contract to any Vendor who has failed to pay any applicable State taxes. The State may refuse to accept Vendor’s bid, if Vendor has any outstanding debt with the State. Prior to any award, the State will verify whether Vendor has any outstanding debt with the State.

Vendor hereby certifies that all applicable State taxes are paid as of the date of bid submission, and that Vendor owes no outstanding debt to the State.

_____ (Initial)

3.025 Forced Labor, Convict Labor, or Indentured Servitude Made Materials

Vendor represents and certifies that, to the best of its knowledge and belief no foreign (outside of the U.S.) made equipment, materials, or supplies, will be furnished to the State under any resulting Contract, that have been produced in whole or in part by forced labor, convict labor, or indentured servitude.

_____ (Initial)

3.026 Utilization of Business Concerns

It is the policy of the State that small business concerns, veteran-owned small business concerns, persons with disabilities-owned small business concerns, small disadvantaged business concerns, minority-owned small business concerns, and women-owned small business concerns shall have the maximum practicable opportunity to participate in performing State contracts, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems.

Vendor agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. Vendor further agrees to cooperate in any studies or surveys as may be conducted by the State as may be necessary to determine the extent of the Vendor’s compliance with this clause.

_____ (Initial)

3.027 Owners and Officers

(a) Vendor must list all owners or officers that hold a 25% interest or more in the company (use attachment if necessary):

Name and Title	% of Interest or Ownership

Vendor shall:

- (1) Maintain current, accurate,
and complete inventory records of assets and their costs;
- (2) Provide Acquisition Services or designated representative ready access to the records upon request;
- (3) Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Vendor’s ownership or officer changes; and
- (4) Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Vendor ownership or officer change.

_____ (Initial)

3.028 Subcontractors

(a) Vendor shall require each Subcontractor whose subcontract will exceed \$25,000 to disclose to the Vendor, in writing, whether the Subcontractor or its principals is debarred, suspended, or proposed for debarment by the State. The Vendor shall then inform the State of the Subcontractor’s status in its response and provide reasons for Vendor’s decision to use Subcontractor, if Vendor so decides.

(b) Indicate below **ALL** work to be subcontracted under any resulting Contract (use additional attachment if necessary; estimates are acceptable):

Description of Work to be sub-contracted	Percent (%) of total contract value to be sub-contracted	Sub-contractor's name and principal place of business (City and State)

3.030 Disclosures

3.031 Reserved

3.032 Vendor Compliance with State and Federal Law and Debarment

(a) The Vendor certifies, to the best of its knowledge that within the past (3) years, the Vendor, an officer of the Vendor, or an owner of a 25% or greater interest in the Vendor:

Has _____ Has Not _____ been convicted of a criminal offense incident to the application for or performance of a State contract or subcontract;

Has _____ Has Not _____ been convicted of any offense which negatively reflects on the Vendor's business integrity, including but not limited to embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, state or federal antitrust statutes;

Has _____ Has Not _____ been convicted of any other offense, violated any other state or federal law, as determined by a court of competent jurisdiction or an administrative proceeding, which, in the opinion of the State, indicates that the Vendor is unable to perform responsibly or which reflects a lack of integrity that could negatively impact or reflect upon the State. An offense or violation under this paragraph may include, but is not limited to, an offense under or violation of: Natural Resources and Environmental Protection Act, 1994 PA 451, MCL §§ 324.101 – 324.90106; the Michigan Consumer Protection Act, 1976 PA 331, MCL §§ 445.901 – 445.922; 1965 PA 390 (law relating to prevailing wages on state projects), MCL §§ 408.551 – 408.558; 1978 PA 390 (law relating to payment of wages and fringe benefits) MCL §§ 408.471 – 408.490; or a willful or persistent violation of the Michigan Occupational Safety and Health Act, 1974 PA 154, MCL §§ 408.1001 – 408.1094;

Has _____ Has Not _____ failed to substantially perform a State contract or subcontract according to its terms, conditions, and specifications within specified time limits;

Has _____ Has Not _____ violated State bid solicitation procedures or violated the terms of a solicitation after bid submission;

Has _____ Has Not _____ refused to provide information or documents required by a contract including, but not limited to information or document necessary for monitoring contract performance;



Has _____ Has Not _____ failed to respond to requests for information regarding Vendor's performance, or accumulated repeated substantiated complaints regarding performance of a contract/purchase order; and

Has _____ Has Not _____ failed to perform a State contract or subcontract in a manner consistent with any applicable state or federal law, rule, regulation, order, or decree.

(b) For purposes of this Section, "Principals" means officers, directors, owners, partners, and any other persons having primary management or supervisory responsibilities within a business entity. The Vendor certifies and represents, to the best of his knowledge that the supplier and/or any of its Principles:

Are _____ Are Not _____ presently debarred, suspended, proposed for debarment, or declared ineligible for the award of a purchase by any state or federal agency;

Has _____ Has Not _____ not with in a 3-year period preceding this CONTRACT, been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) purchase.

Are _____ Are Not _____ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, the commission of the any of the offenses enumerated in **section 3.1(c)** of this Contract.

Has _____ Has Not _____ within a 3-year period preceding this solicitation had one or more purchases terminated for default by any state or federal agency.

(c) The Vendor shall provide immediate written notice to the State if, at any time before the purchase award, the Vendor learns that its certification was erroneous when submitted or has since become erroneous because of changed circumstances.

(d) A certification that the Vendor or its Subcontractors is presently debarred, suspended, proposed for debarment or declared ineligible for award of a purchase by any state or federal agency will not necessarily result in withholding an award under this solicitation. However, the certification will be considered in connection with a determination of the Vendor's responsibility. Failure to furnish the certification or provide such information as requested by the State may render the Vendor response non-responsive.

(e) Nothing contained in this Section shall be construed to require establishment of a system of records in order to render, in good faith, the certification required this Section. The knowledge and information of a Vendor is not required to exceed that which is normally possessed by a prudent person in the ordinary course of commercially reasonable dealings.

(f) If it is later determined that the Vendor knowingly rendered an erroneous certification under this Section, in addition to the other remedies available to the State, the State may terminate any resulting contract for default.

VENDOR MAY REVIEW THE STATE'S DEBARMENT POLICY AT: www.michigan.gov/doingbusiness
(click on the link to Debarment Policy)

_____ (Initial)

3.033 Ethics: Gratuities and Influence

Gratuities

The right of the Vendor to proceed may be terminated by written notice, if the State determines that the Vendor, its agent, or its representative has offered or gave a gratuity, kickback, money, gift, or any thing



of value to an officer, official, or employee of the State intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

Vendor Has _____ Has Not _____ given or offered to give a gratuity, kickback, money, gift, or any thing of value to a State official, officer, or employee intended to effectuate the awarding of a contract or favorable treatment under a contract.

Influence

The Vendor, by signing its proposal/bid, certifies to best of his or her knowledge that no funds or other items/services of value have been given to any State officer, official, or employee for influencing or attempting to influence such officer, official, or employee to obtain a contract or favorable treatment under a contract.

Vendor Has _____ Has Not _____ given or offered to give a gratuity, kickback, money, gift, or any thing of value to a State official, officer, or employee intended to effectuate the awarding of a contract or favorable treatment under a contract.

_____ (Initial)

3.034 Place of Performance

Vendor must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that Vendor provided in its bid.

Vendor, in the performance of any resulting contract, INTENDS _____ DOES NOT INTEND _____ to use one or more plants or facilities located at a different address from the address of the Vendor indicated in this bid. If the bidder checks "intends" in paragraph (a) of this provision, it shall insert in the spaces provided below the required information:

Place of Performance Full address	Owner/Operator of facility to be used	Percent (%) of Contract value to be Performed at listed Location

_____ (Initial)

3.035 Former State Employees

Vendor certifies that there ARE _____ ARE NOT _____ former state employees involved in the performance of any resulting contract.

If former state employees are involved in the performance of any resulting contract, Vendor must provide the following information:

Vendor represents that the following employees involved in the performance of any resulting contract are former state employees (use attachment if necessary).

Name	Department, Division	Date of Employment

_____ (Initial)

3.036 Domestic End Product

“Domestic end product” means one that is manufactured within the United States and the cost of the domestic components exceeds 50% of the cost of all the components.

The Vendor certifies that the product to be provided, **except those listed below**, are a domestic end product, and that components of unknown origin have not been mined, produced, or manufactured outside the United States (use attachment if needed):

Excluded End Products	Country of Origin

_____ (Initial)

3.037 Environmental Awareness (Remove where irrelevant)

“Environmentally preferable products” means products that have a lesser or reduced effect on human health and the environment when compared with competing products that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product. ADD: recycled content and recyclability, energy efficiency, and the presence undesirable materials in the product, particularly persistent, bioaccumulative toxic chemicals, (PBTs).

Environmental Purchasing Policy – The State has committed to encourage the use of products and services that impact the environment less than competing products. This can be best accomplished by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that may be considered in Best Value Purchasing evaluation include: recycled content and recyclability; energy efficiency; the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative, and the environmental performance of the product supplier and/or producer. Vendors able to supply products containing recycled and environmentally preferable materials that meet performance requirements are encouraged to offer them in bids and proposals. Information on any relevant third party certification (such as Green Seal, etc.) should also be provided.

(1) Recycled Content and Recyclability

(a) Recycled Packaging. Vendor may offer some or all of the following items listed below or provide alternative proposal as to how packaging materials can be reduced, eliminated or otherwise made more environmentally preferable. It is desirable that Vendor offer packaging which:

- (i) is made from recycled content which meets or exceeds all federal and state recycled content guidelines (currently 25-50% recovered fiber, including 25-50% post-consumer fiber for all corrugated cardboard);
- (ii) minimizes or eliminates the use of polystyrene or other difficult to recycle materials;
- (iii) minimizes or eliminates the use of disposable containers such as cardboard boxes;
- (iv) provides for a return program where packaging can be returned to a specific location for recycling; and
- (v) contains materials which are easily recyclable in Michigan..

(b) Recycled Content of Products Offered. Vendor is expected to offer products using Recovered Materials suitable for the intended use whenever possible. The following definitions apply to “Recovered Material”:

“Post-Consumer Waste” means any products generated by a business or consumer which have served their intended end use, and which have been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product.

“Secondary Waste” means industrial by-products and wastes generated after completion of a manufacturing process that would normally be disposed.

Vendor is requested to indicate below an estimate of the percentage of recycled materials, if any, contained in each item bid. Higher percentages of recycled materials are preferred. All recycled products and packaging are required to perform at the level outlined in bid requests.

_____ % (Total estimated percentage of recovered material)

_____ % (Estimated percentage of post-consumer material)

_____ % (Estimated percentage of secondary waste)

Certification

I, _____ (name of certifier), am an officer or employee responsible for the performance of any resulting contract and hereby certify that the percentage of recovered material content for EPA-designated products met the applicable contract specifications.

_____ (Initial)

(2) Energy efficiency –

“Energy efficient products” means products that have excellent performance in terms of using less energy than other products that perform the same function.

Energy Efficiency Purchasing Policy – The State shall seek wherever possible to purchase energy efficient products. This will include giving preference to U.S. Environmental Protection Agency (EPA) certified ‘Energy Star’ products for any category of products for which EPA has established Energy Star certification. For other purchases, the State will include energy efficiency as one of the priority factors to consider when choosing among comparable bids.

(3) Materials Identification and Tracking (or title Materials of Concern)

(a) Hazardous Material Identification. “Hazardous material,” as used in this clause, includes any material defined as hazardous under the latest version of Federal Standard No. 313 (including revisions adopted during the term of any resulting contract).

The Vendor must list any hazardous material, as defined in paragraph (a) of this clause, to be delivered under any resulting contract. The hazardous material shall be properly identified and include any applicable identification number, such as National Stock Number or Special Item Number. This information shall also be included on the Material Safety Data Sheet submitted for any resulting contract.

Material (if none, insert ‘None’)	Identification Number



This list must be updated during performance of the contract whenever the Vendor determines that any other material to be delivered under any resulting contract is hazardous.

The apparently successful Vendor agrees to submit, for each item as required prior to award, a **Material Safety Data Sheet** for all hazardous material identified in paragraph (1) of this clause. Data shall be submitted in accordance with Federal Standard No. 313, whether or not the apparently successful Vendor is the actual manufacturer of these items. Failure to submit the Material Safety Data Sheet prior to award may result in the apparently successful Vendor being considered non-responsive and ineligible for award.

If, after award, there is a change in the composition of the item(s) or a revision to Federal Standard No. 313, which renders incomplete or inaccurate the data submitted under paragraph (3) of this clause, the Vendor shall promptly notify the Contract Administrator and resubmit the data.

Neither the requirements of this clause nor any act or failure to act by the State shall relieve the Vendor of any responsibility or liability for the safety of State, Vendor, or subcontractor personnel or property.

Nothing contained in this clause shall relieve the Vendor from complying with applicable Federal, State, and local laws, codes, ordinances, and regulations (including the obtaining of licenses and permits) in connection with hazardous material.

(b) The State's rights in data furnished under any resulting contract with respect to hazardous material are as follows:

(i) To use, duplicate and disclose any data to which this clause is applicable. The purposes of this right is to:

- (A) Apprise personnel of the hazards to which they may be exposed in using, handling, packaging, transporting, or disposing of hazardous materials;
- (B) Obtain medical treatment for those affected by the material; and
- (C) Have others use, duplicate, and disclose the data for the State for these purposes.

(ii) To use, duplicate, and disclose data furnished under this clause, in precedence over any other clause of any resulting contract providing for rights in data.

(c) The State is not precluded from using similar or identical data acquired from other sources.

(d) Mercury Content.

It is the clear intent of State agencies to avoid purchasing products that contain mercury whenever possible. Vendor shall offer mercury-free products when available. Should mercury-free alternatives not exist, as presently is the case with fluorescent lamps, bidders shall offer the lowest mercury content available. Vendor shall disclose whenever products contain added mercury by using the following format:

() Product does not contain Mercury

() Product does contain Mercury (attach an explanation that includes: the amount or concentration of mercury, and justification as to why that particular product is being proposed)

Vendor shall ensure that mercury added products containing mercury in excess of 1 gram or 250 ppm, shall be labeled: "contains mercury".

(e) Brominated Flame Retardents (BFR).

There is increasing concern about environmental problems caused by polybrominated diphenyl ethers flame retardants. BFRs are widely used in a variety of products, including electronics and electrical



equipment, as well as in upholstery and other textiles. To make an informed purchasing decision, we require that Vendors disclose the identity of all flame retardants used in products offered.

For each product offered, please list the components that contain flame retardants and the name and CAS number of the flame retardant(s) they contain. The Vendor may need to ask the manufacturer or material supplier for this information. Vendors are encouraged to provide safer, non-halogenated flame retardants alternatives when available.

- () Product does not contain BFR's
- () Product does contain BFR's

Product	Product Component
Flame Retardant Name	Flame Retardant CAS

(f) Ozone Depleting Substances

“Ozone-depleting substance,” as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR part 82 as:

- (1) Class I, including, but not limited to, chlorofluorocarbons, halos, carbon tetrachloride, and methyl chloroform; or
- (2) Class II, including, but not limited to, hydro chlorofluorocarbons.

The Vendor shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR part 82, Subpart E, as follows:

“**Warning:** Contains (or manufactured with, if applicable) _____ [insert the name of the substance(s)], a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.”

(g) Refrigeration and Air Conditioning

Vendor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to any resulting contract.

(h) Waste Reduction Program.

Vendor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by any resulting contract. The Vendor’s programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, *et seq.*). The following definitions apply to “Waste Reduction”:

“Recycling” means the series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products. This definition excludes the use of these materials as a fuel substitute or for energy production.

“Waste prevention” means any action undertaken to eliminate or reduce the amount, or the toxicity, of materials before they enter the waste stream. This action is intended to conserve resources, promote efficiency, and reduce pollution. Waste prevention includes reduction and reuse, but not recycling.

“Waste reduction” means any practice, such as an equipment or technology modification, a process or procedure modification, a reformulation or redesign of a produce, a substitution of raw materials, or improved management, training, or inventory control, which practice is undertaken by a person to directly or indirectly reduce the volume or quantity or toxicity of waste that may be released into the environment or that is treated at a location other than the location where it is produced.

“Pollution Prevention” is defined as the practice of minimizing the generation of waste at the source and, when wastes can not be prevented, utilizing environmentally sound on-site or off-site recycling or reuse. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451.

(i) Clean Air and Water

Vendor certifies that any facility to be used in the performance of any resulting contract:

IS _____, IS NOT _____ listed on the Environmental Protection Agency (EPA) List of Violating Facilities.

The Vendor will immediately notify the State, before award, of the receipt of any communication from the EPA or the State, indicating that any facility that the Vendor proposes to use in the performance of any resulting contract is under consideration to be listed on the EPA List of Violating Facilities or any enforcement action.

(j) Emergency Planning and Community Right-to-Know Reporting

By signing this bid response, the Vendor certifies that:

(a) The owner or operator of facilities that will be used in the performance of any resulting contract is in compliance with the filing and reporting requirements described in sections 302, 304, 311, 312 and 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11001, et. seq.) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13101, et. seq.). EPCRA filing and reporting requirements include emergency planning notification, release reporting, hazardous chemical inventory reporting, and toxic chemical release inventory (TRI) reporting.

(b) The owner or operator of facilities that will be used in the performance of any resulting contract will maintain compliance with the filing and reporting requirements described in sections 302, 304, 311, 312 and 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11001, et. seq.) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13101, et. seq.) for the life of the contract.

_____ (Initial)

3.038 Knowledge of Child Labor for Listed End Products

(a) “Forced or indentured child labor” means all work or service:

- (1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or
- (2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.

(b) *Listed end products.* The following end product(s) being acquired under this solicitation is (are) included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, identified by their country of origin. There is a reasonable basis to believe that listed end products from the listed countries of origin may have been mined, produced, or manufactured by forced or indentured child labor.

Listed End Product	Listed Country of Origin

(c) *Certification.* The State will not make award to a Vendor unless the Vendor, by checking the appropriate block, certifies to one of the following:

() The Vendor will not supply any end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in a corresponding country as listed for that end product.

() The Vendor may supply an end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The Vendor certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture such end product. On the basis of those efforts, the Vendor certifies that it is not aware of any such use of child labor.

_____ (Initial)

3.039 Use of Other Sources as Subcontractors

The State has sources of supply and services that are mandatory. The State may use the information provided under this Section and 3.055 and 3.056 in determining future awards and Vendor standing with the State.

(1) Persons with disabilities

Vendor IS ____ IS NOT ____ purchasing supplies and/or service from a business owned by persons with disabilities in the performance of any resulting contract.

Vendor has contracted for _____% of supplies and services needed for the performance of any resulting contract, which equals \$_____ from a business owned by persons with disabilities (estimates or approximates are acceptable).

Vendor(s) Name: _____

(2) Community Rehabilitation Organizations

Vendor IS ____ IS NOT ____ purchasing supplies and/or service from a community rehabilitation organization in the performance of any resulting contract.

Vendor has contracted for _____% of supplies and services needed for the performance of any resulting contract, which equals \$_____ from a community rehabilitation organization (estimates or approximates are acceptable).

Vendor(s) Name: _____

3.040 Services Needed in Performance

Vendor certifies that services to be purchased to enable Vendor to perform any resulting contract will be purchased from a business having its principle place of business in the State, **except those listed below** (use additional attachment if necessary; estimates are acceptable):

Description of Service to be purchased	Percent (%) of total contract value to be purchased	Service providers principal place of business (City and State)



3.041 Employee and Subcontractor Citizenship

Vendor certifies that all employees, contractors, Subcontractors, and any other individual involved in the performance of this Contract, **except those listed below**, are citizens of the United States, legal resident aliens, or individuals with valid visa (use additional attachment if necessary; estimates are acceptable):

Employee Name	Title

3.042 RFP Preparation

Vendor shall notify the State in its bid proposal, if it, or any of its Subcontractors, or their officers, directors, or key personnel have assisted with the drafting of this RFP, either in whole or in part. This includes the conducting or drafting of surveys designed to establish a system inventory, and/or arrive at an estimate for the value of the solicitation.

Vendor hereby certifies that it HAS _____, HAS NOT _____ assisted in the development of this RFP.

Except for materials provided to all Vendors as part of this RFP, Vendor shall provide a listing of all materials provided by the State to the Vendor containing information relevant to this RFP, including, but not limited to: questionnaires, requirements lists, budgetary figures, assessments, white papers, presentations, RFP draft documents. Vendor shall provide a list of all State employees with whom any of its personnel, and/or Subcontractors' personnel has discussed the RFP after the issuance date of the RFP.

3.050 Vendor Information

3.051 Expatriated Business Entity

“Expatriated business entity” means a corporation or an affiliate of the corporation incorporated in a tax haven country after September 11, 2001, but with the United States as the principal market for the public trading of the corporation’s stock.

“Tax haven country” means each of the following: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, the Principality of Liechtenstein, the Principality of Monaco, and the Republic of the Seychelles.

Vendor certifies that it IS _____, IS NOT _____ an expatriated business entity located in a tax haven country.

Vendor certifies that it IS _____, IS NOT _____ an affiliate of an expatriated business located in a tax haven country.

3.052 Affirmative Action Program

Vendor represents that it Has _____, Has Not _____ developed and has on file an entity wide affirmative action program.

3.053 Small Business Representation

The Vendor represents and certifies that it IS _____, IS NOT _____ a small business concern and that all _____, NOT ALL _____ end items to be furnished will be manufactured or produced by a small business concern in the US, its territories or possessions, Puerto Rico, or the Trust Territory of the Pacific Islands

Provide the following information:

_____ (Estimate # of employees)

\$_____ (Estimate of annual revenue)

3.054 Women, Minority, Or Veteran-Owned Small Business Representation

“Women-owned business” means a small business that is at least 51% owned by a woman or women who are US citizens and who control and operate the business

The Vendor represents that it IS _____, IS NOT _____ a women-owned, small business.

“Minority-owned business” means a small business that is at least 51% owned by a minority or minorities who are US citizens and who control and operate the business

The Vendor represents that it IS _____, IS NOT _____ a minority-owned, small business.

“Veteran-owned business” means a small business that is at least 51% owned by a veteran or veterans who are U.S. citizens and who control and operate the business

The Vendor represents that it IS _____, IS NOT _____ a veteran-owned, small business.

The Vendor represents and warrants that the company meets the above criteria (when checked) and can provide supportive documentation upon request.

3.055 Business Owned by Persons with Disabilities

“Business owned by persons with disabilities” means a business in which all of the following apply:

1. More than 50% of the voting shares or interest in the business is owned, controlled, and operated by 1 or more persons with disabilities.
2. More than 50% of the net profit or loss is attributable to the business accrues to shareholders who are persons with disabilities.
3. More than 50% of the employees of the business are residents of this State of Michigan DMB.

The Vendor represents that it IS _____ IS NOT _____ a small business owned by persons with disabilities.

Fraudulently representing information about the use of businesses owned by persons with disabilities to procure this contract is a violation of the Business Opportunity Act for Persons with Disabilities of 1988 PA 112, MCL 450.791 – 450.795. A person who knowingly violates this act is guilty of a felony, punishable by imprisonment up to 2 years in prison, or a fine not less than \$5,000. A person found guilty of violating this act may be barred from obtaining future contracts with the State.



3.056 Community Rehabilitation Organization

“Community rehabilitation organization” means a charitable organization or institution conducted not for profit, but for the purpose of carrying out a recognized program of rehabilitation for handicapped workers, which provides those individuals with remunerative employment or other occupational rehabilitating activity of an educational or therapeutic nature.

The Vendor represents that it IS _____, IS NOT _____ a community rehabilitation organization.

3.057 Certification of a Michigan Business

To qualify as a Michigan business, Vendor must have during the 12 months immediately preceding this bid deadline, or if the business is newly established, for the period the business has been in existence, it has (check all that apply):

() Filed a Michigan single business tax return showing a portion or all of the income tax base allocated or apportioned to the State of Michigan pursuant to the Michigan Single Business Tax Act, 1975 PA 228, MCL §§ 208.1 – 208.145; or

() Filed a Michigan income tax return showing income generated in or attributed to the State of Michigan; or

() Withheld Michigan income tax from compensation paid to the bidder’s owners and remitted the tax to the Department of Treasury; or

I certify that I have personal knowledge of such filing or withholding, that it was more than a nominal filing for the purpose of gaining the status of a Michigan business, and that it indicates a significant business presence in the state, considering the size of the business and the nature of its activities.

I authorize the Michigan Department of Treasury to verify that the business has or has not met the criteria for a Michigan business indicated above and to disclose the verifying information to the procuring agency.

Authorized Agent Signature

Authorized Agent Name (print or type)

Fraudulent Certification as a Michigan business is prohibited by MCL 18.1268 § 268. A BUSINESS THAT PURPOSELY OR WILLFULLY SUBMITS A FALSE CERTIFICATION THAT IT IS A MICHIGAN BUSINESS OR FALSELY INDICATES THE STATE IN WHICH IT HAS ITS PRINCIPAL PLACE OF BUSINESS IS GUILTY OF A FELONY, PUNISHABLE BY A FINE OF NOT LESS THAN \$25,000.

Bidder shall also indicate one of the following:

Bidder qualifies as a Michigan business (provide zip code: _____)

Bidder does not qualify as a Michigan business (provide name of State: _____)

Principle place of business is outside the State of Michigan, however service/commodity provided by a location within the State of Michigan (provide zip code: _____)



BIDDER MUST CHECK ONE BOX BELOW

Commodities and/or services on this RFP will be supplied to State departments and agencies, and authorized MiDEAL members in accordance with the terms and prices quoted. Upon request, a complete listing of eligible participants in the MiDEAL will be provided if this option is selected.

Commodities and/or services on the RFP will not be supplied to State authorized MiDEAL members. We will supply to State departments and agencies only.

Authorized Agent Name (print or type)

Authorized Agent Signature

Please Visit MiDEAL at www.mi.gov/localgov.

Certification and Assurances

I/We make the following certifications and assurances as a required element of the solicitation document to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements and all requirements of the Request for Proposal (RFP) are conditions precedent to the award or continuation of the related Agreement(s).

Name of Vendor/Contractor/Supplier

Address of Contractor/Supplier

Telephone and Fax No. of Contractor/Supplier

Signature of Contractor/Supplier's Authorized Representative

Title of Supplier Representative

Date

Exhibit A
Approved Subcontractors

Exhibit B
Approved Hardware

Exhibit C
Approved Software

Exhibit D
Binding Commitments

Deliverables

Deliverable	Description	Price	Payable Upon
1	Message Switch Hardware		
	OpenFox™ Message Switching System A & B	101,719.00	
	OpenFox™ Operator	15,600.00	
	High Availability Monitoring Sub System	12,000.00	
	Archival Server	26,834.00	
	OpenFox™ Archive and Retrieval Sub System	90,000.00	
	Rack & KVM Console	11,836.00	
	Workstation and Remote System Interface	40,000.00	
	Total for Deliverable 1	297,989.00	Delivery of Hardware
2	Hot Files Application Software		
	OpenFox™ HotFiles Application Software	249,000.00	
	Total for Deliverable 2	249,000.00	Receipt NLT Feb 28, 2006
3	Planning and Design		
	Discovery and Design	35,000.00	
	Total for Deliverable 3	35,000.00	Design Phase Completion
4	Development		
	Conversion of Message Switch Structures	35,000.00	
	Transaction processing Customization	50,000.00	
	CCH Interface	20,000.00	
	Hot File Conversion	24,000.00	
	Total for Deliverable 4	129,000.00	Development Phase Completion
5	Implementation		
	10% Holdback from Deliverables 1-4		PARE Completion
6	Maintenance		
	Year 1	0	
	Year 2	71,220.00	Annually by DMB
	Year 3	74,781.00	Annually by DMB
	Year 4	98,060.00	Annually by DMB
	Year 5	103,353.00	Annually by DMB
	Total for Deliverable 6	347,414.00	
	Total	1,058,403.00	

Environment:

Hardware and software requirements for primary message switch, System A:

Qty		Description
1	9113-550	Server 1:IBM ESERVER P5 550 <ul style="list-style-type: none"> • Five hot-swap 3.3V PCI-X slots or four hot-swap 3.3V PCI-X slots and one slot to support the dual Port RIO-2 I/O Hub • Service processor • Two 10/100/1000 Ethernet Ports • Ultra320 SCSI Controller with dual ports (internal) and optional RAID adapter • Two serial ports and two USB Ports • Two HMC Ports • Two remote I/O (RIO) ports • Hot-swap power and cooling • Redundant cooling
1	2640	IDE SLIMLINE DVD-ROM DRIVE
1	2849	PWR GXT135P GRAP.ACC.W/DIG.SUP
2	3274	73.4GB10,000RPM DISK DRIVE ASS
1	4263	SCSI CAB, RISER 2 LVD MED. DEV
2	4445	4096MB(4X1024MB)DIMMS
1	5005	SOFTWARE PREINSTALL
2	5264	2WAY1.5GHZ PW5 PRC.C,36MB L3 C
2	5712	PCI-X DUAL CHANN.U320 SCSI ADP
1	5723	2 PORT ASYN.EIA-232 PCI ADPT
1	6258	36/72GB 4MM TAPE DRIVE
2	6458	PWR CAB-DRAWER TO IBM PDU
1	6592	ULTRA320 SCSI 4-PACK
1	6598	DISK SLOT FILLERS(QUANTITY 4)
1	7162	IBM/OEM RACK-MOUNT DR.RAIL KIT
2	7603	PROCESSOR ACTIVATION #5264
2	7876	PROCESSOR POWER REGULATOR
1	7877	MEDIA BACKPLANE
1	7886	IBM RACK-MOUNT DRW BEZ.AND HW
2	7889	PWR SUPP,1475WATT AC,HOT-SWAP
2	8465	ZERO-PRICED ACTIVATION #5264
1	9169	FACTORY INTEGRATION SPECIFY
1	9300	LANGUAGE GROUP SPCF-US ENG
1	17331RU	IBM EXP400 External SCSI Storage Enclosure
		Includes 2 nd ULTRA320 Port & Redundant Power
1	59P5018	ESM Card for IBM EXP400 (second SCSI attachment)
2	03K9310	2M USCSI Cable VHDCI to VHDCI
1	90P1314	146GB U320 SCSI 15K RPM Hot-Swap Disk Drive
4	90P1319	73GB U320 SCSI 15K RPM Hot-Swap Disk Drive
1	41L2768	IBM EXP400 Warranty Upgrade to 3- year 24x7x4 Hour
		Software
1	5692-A5L	PSERIES SPO
1	947	AIX 5L V5.2 BASE
1	975	CMM
1	1004	MEDIA PROCESS CHARGE CD ROM
1	2924	ENGLISH - US U/L SBCS (ENU)
1	5733-M46	VISUALAGE C++ PRO/AIX 3 YR

1	3119	VISUALAGE C P/USERS SWMA3YRGST
1	5765-E62	AIX 5L FOR POWER V5.2
4	9	AIX5L,PWR V5.2,1CPU,E5 VAL
1	5765-F56	VISUALAGE C++ PRO FOR AIX V6
1	1	VISUALAGE C++ P/USERS W/1YSWMA
1	3483	SINGLE PALLET OPTION (YYY FEAT
1	5773-SWM	SW MAINTENANCE FOR AIX, 3 YEAR
4	462	1PROC E5 SWMA 3Y REG/RNW
4	464	24X7 1 PRC E5 SWMA 3Y R/R
		Hardware Warranty Uplift to 3-Year 24x7
1		3-YEAR 24X7 HARDWARE WARRANTY SERVICE UPGRADE

Hardware and software requirements for redundant System B:

Qty		Description
1	9113-550	Server 1:IBM ESERVER P5 550 <ul style="list-style-type: none"> • Five hot-swap 3.3V PCI-X slots or four hot-swap 3.3V PCI-X slots and one slot to support the dual Port RIO-2 I/O Hub • Service processor • Two 10/100/1000 Ethernet Ports • Ultra320 SCSI Controller with dual ports (internal) and optional RAID adapter • Two serial ports and two USB Ports • Two HMC Ports • Two remote I/O (RIO) ports • Hot-swap power and cooling • Redundant cooling
1	2640	IDE SLIMLINE DVD-ROM DRIVE
1	2849	PWR GXT135P GRAP.ACC.W/DIG.SUP
2	3274	73.4GB10,000RPM DISK DRIVE ASS
1	4263	SCSI CAB, RISER 2 LVD MED. DEV
2	4445	4096MB(4X1024MB)DIMMS
1	5005	SOFTWARE PREINSTALL
2	5264	2WAY1.5GHZ PW5 PRC.C,36MB L3 C
2	5712	PCI-X DUAL CHANN.U320 SCSI ADP
1	5723	2 PORT ASYN.EIA-232 PCI ADPT
1	6258	36/72gb 4mm tape drive
2	6458	PWR CAB-DRAWER TO IBM PDU
1	6592	ULTRA320 SCSI 4-PACK
1	6598	DISK SLOT FILLERS(QUANTITY 4)
1	7162	IBM/OEM RACK-MOUNT DR.RAIL KIT
2	7603	PROCESSOR ACTIVATION #5264
2	7876	PROCESSOR POWER REGULATOR
1	7877	MEDIA BACKPLANE
1	7886	IBM RACK-MOUNT DRW BEZ.AND HW
2	7889	PWR SUPP,1475WATT AC,HOT-SWAP
2	8465	ZERO-PRICED ACTIVATION #5264
1	9169	FACTORY INTEGRATION SPECIFY
1	9300	LANGUAGE GROUP SPCF-US ENG
1	17331RU	IBM EXP400 External SCSI Storage Enclosure
		Includes 2 nd ULTRA320 Port & Redundant Power

1	59P5018	ESM Card for IBM EXP400 (Second SCSI Attachment)
2	03K9310	2M USCSI Cable VHDCI to VHDCI
1	90P1314	146GB U320 SCSI 15K RPM Hot-Swap Disk Drive
4	90P1319	73GB U320 SCSI 15K RPM Hot-Swap Disk Drive
1	41L2768	IBM EXP400 Warranty Upgrade to 3-Year 24x7x4 Hour
		Software
1	5692-A5L	P SERIES SPO
1	947	AIX 5L V5.2 BASE
1	975	CMM
1	1004	MEDIA PROCESS CHARGE CD ROM
1	2924	ENGLISH - US U/L SBCS (ENU)
1	5765-E62	AIX 5L FOR POWER V5.2
4	9	AIX5L,PWR V5.2,1CPU,E5 VAL
1	5773-SWM	SW MAINTENANCE FOR AIX, 3 YEAR
4	462	1PROC E5 SWMA 3Y REG/RNW
4	464	24X7 1 PRC E5 SWMA 3Y R/R
		Hardware Warranty Uplift to 3-Year 24x7
1		3-YEAR 24X7 HARDWARE WARRANTY SERVICE UPGRADE

Rack and KVM requirements:

Qty		Description
		Rack
1	7014-T00	Rack 1:RS/6000 SYSTEM RACK
2	204	RACK CONT.SPCF:2104/DS4-3EIA
2	230	RACK CONT.SPCF:9113/550-4U
1	4651	RACK INDICATOR, RACK 1
2	6098	SIDE PANEL 1.8M/2M RACK BLACK
1	6246	THIN PROF.FR.KIT FOR 1.8M RACK
2	6654	P.CORD,4.3M,24A,NEMA L6-30PLG
1	7188	PWR DIST.UNIT -SIDE MOUNT
1	9188	PW.DIST.UN.SPCF-BASE/SIDE MNT
1	9300	LANGUAGE GROUP SPEC-US ENGLISH
1		3-YEAR 24X7 HARDWARE WARRANTY SERVICE UPGRADE
		Rack-Mount Monitor/Keyboard/Switch
1	7316-TF3	FLAT PANEL CONSOLE KIT
1	4202	KEYB/VIDEO/MOUSE (LCM) SWITCH
1	4269	CABLE, USB CON.OPTION-1.5M
1	8880	USB TRAVEL KEYB.W/CBL, US ENG.
1	9300	LANG GROUP SPEC-US ENGLISH
1	9911	POWER CORD (4M) – ALL
1		3-YEAR 24X7 HARDWARE WARRANTY SERVICE UPGRADE

Hardware and software requirements for the Archive and Retrieval system:

Qty		Description
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Rack		
1	7014-T00	Rack 1:RS/6000 SYSTEM RACK
2	204	RACK CONT.SPCF:2104/DS4-3EIA
2	230	RACK CONT.SPCF:9113/550-4U
1	4651	RACK INDICATOR, RACK 1
2	6098	SIDE PANEL 1.8M/2M RACK BLACK
1	6246	THIN PROF.FR.KIT FOR 1.8M RACK
2	6654	P.CORD,4.3M,24A,NEMA L6-30PLG
1	7188	PWR DIST.UNIT -SIDE MOUNT
1	9188	PW.DIST.UN.SPCF-BASE/SIDE MNT
1	9300	LANGUAGE GROUP SPEC-US ENGLISH
1		3-YEAR 24X7 HARDWARE WARRANTY SERVICE UPGRADE
Rack-Mount Monitor/Keyboard/Switch		
1	7316-TF3	FLAT PANEL CONSOLE KIT
1	4202	KEYB/VIDEO/MOUSE (LCM) SWITCH
1	4269	CABLE, USB CON.OPTION-1.5M
1	8880	USB TRAVEL KEYB.W/CBL, US ENG.
1	9300	LANG GROUP SPEC-US ENGLISH
1	9911	POWER CORD (4M) – ALL
1		3-YEAR 24X7 HARDWARE WARRANTY SERVICE UPGRADE

Operating System

The operating system for the message switch systems A and B will be IBM AIX. The operating system for the Archive and Retrieval system will be Windows Server 2003.

Database: Oracle 10G

Network and Firewall: Must comply with SOM standardized firewall and network configurations.

Locations: Hardware and operating system will be managed by SOM technical personnel in the State of Michigan.

Capacity Projections: System must support 1.5 million transactions per day.

Development Tools: Development tools must be provided to adequately operate, maintain, and configure all systems and related message switch components provided by the contractor.

Browser: If applicable, must operate within Internet Explorer version 6.0 or above and Mozilla.

Interfaces: Must provide interfaces to NCIC/NLETS as part as the base package. Must provide detailed cost breakdown for the following interfaces:

- Workstations (non-computer interface connections)
- Computer Interface connections
- Criminal History
- Corrections
- Secretary of State
- LDAP to SOM MiCJIN directory

Current Enhancements: Listed under 1.002 Background

Classes of Users



At the current time there are two distinct classes of users, computer interface users that connect to the SOM network directly. The 2nd are workstation users which are those that connect via the MiCJIN portal.

The system must provide the standard requirements listed below. Check the box adjacent to each requirement, indicating whether:

- Yes - the system meets the requirement
- No - the system does not meet the requirement
- N/A - not applicable to the system.

TECHNICAL REQUIREMENTS	YES	NO	N/A
2. System Architecture			
a. The system employs client/server architecture with an intelligent workstation client accessing a central database through software on a server.			
b. The system places no limit on record size.			
c. The software is expandable and portable, with specific reference to the system capacity requirements presented in this RFP.			
d. The system is fully self-contained and capable of being operated by State staff with no dependency on Contractor services for its routine operation.			
e. The system server is compatible with the State's technical architecture and is sized suitable for the system specified.			
f. The system is an open system, with no dependency on the use of specific models or models of equipment operating systems.			
g. The system is portable from one OS/RDBMS to another, i.e., from Unix to Windows 2000, or from one platform/OS to another, e.g., Sun Solaris to IBM AIX, etc.			
h. The system keeps a log of each transaction which alters the database. Logs are date and time stamped to allow the system to reconstruct activity for any period.			
2. Software Licensing			
a. The software license is for perpetual use for a fixed fee without additional royalties or service fees, except for ongoing software maintenance.			
3. Programming Language			
a. The system offers Application Programming Interfaces (APIs) that enable the State to develop custom interfaces to all modules.			
4. Hardware			
a. Vendor's recommended hardware platform/topology provides for optimal functioning in the following areas:			
i. Communication line speed for distributed entry functions and major online processes of departments and offices located in various areas of the State.			
ii. Processing the volumes presented and any increases in volume that can be expected through the implementation of the proposed system.			
iii. Remote access and administration			
iv. Application installation, administration and support			
v. Support for a variety of TCP/IP network configurations			
vi. Support wireless LAN and WAN configurations that support TCP/IP.			
5. RDBMS / Applications / Database Management			
a. The system is available with State's standard relational database management system			
b. Full-text indexing and a full-text database search feature are available to provide easy retrieval of records.			
6. Security / Access Control			
a. The system provides security at database, workstation, and individual operator levels.			
b. The system provides secure access control based upon unique user login, for types of record (e.g., fund, order) as well as by function performed upon the			



record (e.g., Display, Add, Edit, Delete.)			
c. The system checks each user's access privileges at login, and automatically disable or enables client functions (in real time) based upon the user's profile			
8. Software Package Specifications			
a. The software uses an industry standard relational database management system, specifically, Oracle.			
b. The software will operate effectively on State hardware as defined by Contractor with Contractor-supplied upgrade recommendations			
c. The software operates in a recognized industry standard operating environment.			
d. The software allows the State, from PC workstations, to access and update all necessary information to complete a transaction.			
e. The software allows for the accurate and timely input and extraction of State data.			
f. The software allows for processing of all identified State business.			
g. The software provides identified data reporting capabilities.			
h. The software provides a Graphical User Interface (GUI) that is user-friendly and provides data, calculation, reporting, and communication capabilities to State users.			
i. The system is modular in design to accommodate phased implementation and future expansion.			
j. The modularity allows the capabilities of the core systems to function without the entire system complement.			
k. All modules of the system are integrated and designed to work together using a single input and a common database with no redundant data entry or data storage.			
l. The system has the ability to accept and output transactions in standard electronic data interchange (EDI) formats.			
m. Response times, at local and remote sites, for the major on-line processes stated above will meet business requirements.			
n. The software provides the capability of transferring data to and from the host/server to the client for processing on other software packages.			
o. The system provides the capability to access scanned images that are attached to various elements of the database.			
12. Reporting			
a. The software delivers standard reports.			
b. The system includes ad-hoc query and reporting tools.			
c. The online query capability enables non-technical end-users to extract information.			
d. The standard (e.g., regularly scheduled, recurring) reporting environment allows:			
i. Standard reports to be scheduled, executed, viewed on-line, printed (centrally or remotely) and dispersed (including the use of report distribution management software)			
ii. Offices and work locations to control which standard reports they do and do not receive.			
iii. The State to control the information that appears on standard reports so that data security is maintained.			
e. The system provides			
i. Methods for retaining and modifying previously built queries			
ii. Security and control mechanisms that limit the abuse of ad hoc queries (e.g., attempted access to restricted data, attempted execution of a query that would run for several hours, etc.)			
iii. The use of transaction databases, external files, or a "data warehouse" for ad-hoc reporting			
13. Back-up and Archival			
a. The back up and archival features of the system proposed:			
i. Can be initiated automatically or by manual request.			
ii. Provide a facility for archival of historical data.			



iii. Provide/support automated archive/restore functionality.			
11. Audit Trail			
a. The system enables the user to modify data entry transactions that have already been posted to the database while maintaining an audit trail of the change.			
b. The system's internal control functionality ensures that the data entry and processing associated with a business event has been completed before updating the database.			
12. Edit and Validation Control			
a. The system includes comprehensive field edits to prevent incomplete or incorrect data from entering the system			
b. The system ensures data integrity and controls processing without hard-coded logic			
BUSINESS REQUIREMENTS			
1. Security and Confidentiality			
2. Training			
a. Training is provided as part of the cost of the system, to include:			
i. User training			
ii. Technical training for State individuals who will be working with the services vendor to configure the applications including establishing databases and interfaces, data conversion, customization, and upgrading the customized software.			
iii. System administration training for State personnel who will be responsible for ongoing maintenance and administration of the system, including security.			
b. Upgrades and new versions to the system that affect end-user functionality include training at no additional cost (e.g. classroom or online training, training flier, release features, etc.).			
c. Training is provided in a variety of formats for product installation, use, and administration for a variety of levels (e.g. basic, advanced, refresher, etc.).			
d. All training manuals, training plans and other documentation provided become the property of the State.			
3. Documentation			
a. A minimum of two (2) copies of the following documentation in an electronic format, online and in hard copy will be provided:			
i. User and Technical Manuals - On-line and Hard Copy			
ii. Data Element Dictionary			
iii. Operations Manual			
iv. All updates of documentation during the term of the Contract, software license, and maintenance agreement			
b. The following documentation is provided for all modules and program development:			
i. System-wide documentation and specifications			
ii. Baseline End-User training manuals to be used as a basis for "User Manuals" and online help			
iii. Installation procedure			
iv. Module configuration documents sufficient for configuration maintenance purposes			
v. Testing scripts			
vi. Specification documentation			
vii. Production migration			
4. Warranties			
a. All configurations are covered by the manufacturer's standard warranty.			
b. Warranty commences on the date products are accepted by the State.			
c. All applicable third party warranties for deliverables are assigned to the State.			
d. Any upgrades of the software made during the warranty period are supplied at			

no additional cost.			
5. Maintenance and Support			
a. Maintenance programs commence at the end of the warranty period.			
b. All maintenance is performed by qualified personnel familiar with the equipment.			
c. Remote diagnostic capabilities are provided			
d. Maintenance is available on an annually renewable contract			
e. The software maintenance program includes all future software updates and system enhancements applicable to system modules licensed without further charge to all licensed users maintaining an annually renewable software support contract.			
f. Emergency assistance is available 24 hours a day, seven days a week, at no additional cost to the State.			
g. A Web-enabled help desk interface is provided at no additional cost.			
h. The State will be provided with information on software problems encountered at other locations, along with the solution to those problems, when such information is relevant to State software.			
i. Support is provided for superseded releases and back releases still in use by the State.			
j. For the first year and all subsequent Contract years, the following services are provided for the current version and one previous version of any Software provided with the deliverables, commencing upon installation of the deliverables or delivery of the Software:			
i. Error Correction. Upon notice by State of a problem with the Software (which problem can be verified), reasonable efforts to correct or provide a working solution for the problem.			
ii. Material Defects. The State will be notified of any material errors or defects in the deliverables known, or made known to Vendor from any source during the Contract term that could cause the production of inaccurate, or otherwise materially incorrect, results and shall initiate actions as may be commercially necessary or proper to effect corrections of any such errors or defects			
iii. Updates. All new releases and bug fixes (collectively referred to as "Changes") for any software deliverable developed or published by Contractor and made generally available to its other customers at no additional charge will be provided to the State at no additional charge.			
6. Migration			
a. Data, and related information, has a migration path to future revisions of the hardware and software and there is a guaranteed and reasonably straightforward "exit path" to systems of other vendors.			
b. Data will migrate smoothly to any future revision of the software and hardware ("smoothly" would be defined as having the system administrator follow Contractor-supplied written instructions to run a Contractor-supplied program or programs in batch mode to convert data, or any process that is simpler or more automatic than this).			
c. Data will export to software and hardware of other vendors.			
7. Delivery Requirements			
a. The deliverables shall be shipped F.O.B. Destination, freight prepaid and allowed, directly to each entity, unless otherwise requested, and to the exact locations shall be specified in the purchase order.			